

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



## **BEIJING MEDIA CORPORATION LIMITED**

### **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 TRANSACTIONS DEEMED DISPOSAL OF EQUITY INTEREST IN BEIQING COMMUNITY MEDIA**

On 4 May 2015, Hangzhou Shineng entered into an agreement with the Company and Beiqing Community Media Investment Centre, pursuant to which, Hangzhou Shineng agreed to inject RMB30 million in cash to Beiqing Community Media. Upon the completion of the capital injection, the Company's equity interest in Beiqing Community Media was diluted from 76.14% to 60.91%. The relevant procedures of capital injection and corresponding changes in registration with the industrial and commercial administration authorities were all completed on 29 May 2015.

On 28 October 2015, the Company, Beiqing Community Media Investment Centre, Hangzhou Shineng entered into the Capital Increase Agreements with each of the Investors, respectively, pursuant to which, the Investors have agreed to make the capital contribution to Beiqing Community Media in a total amount of RMB56 million, among which, a total amount of RMB2,965,600 will be recognized as the registered capital, while the remaining amount of RMB53,034,400 will be recognized as the capital reserves.

Upon completion of the Capital Increase, the Company's equity interest in Beiqing Community Media will be further diluted from 60.91% to 54.37%, which constitutes a deemed disposal under Rule 14.29 of the Listing Rules. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the deemed disposal contemplated under the Capital Increase Agreements (aggregated with the capital injection to Beiqing Community Media by Hangzhou Shineng dated 4 May 2015 as required by Rule 14.22 of the Listing Rules) exceed 5% but are less than 25%, therefore the transaction contemplated thereunder constitutes a discloseable transaction of the Company, which is subject to the announcement requirement but exempt from shareholders' approval requirement under the Listing Rules.

Upon completion of the Capital Increase, Beiqing Community Media will remain to be a subsidiary of the Company and included as a subsidiary in the Group's consolidated financial statements.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, and save as disclosed above, there is no other transaction which would be, together with the aforesaid transactions, aggregated under Rule 14.22 of the Listing Rules.

None of the Directors are deemed to have material interest in the Capital Increase Agreements, and thus have been required to abstain from voting on the relevant resolution at the Board meeting.

## **I. INTRODUCTION**

On 4 May 2015, Hangzhou Shineng entered into an agreement with the Company and Beiqing Community Media Investment Centre, pursuant to which, Hangzhou Shineng agreed to inject RMB30 million in cash to Beiqing Community Media. Upon the completion of the capital injection, the Company's equity interest in Beiqing Community Media was diluted from 76.14% to 60.91%. The relevant procedures of capital injection and corresponding changes in registration with the industrial and commercial administration authorities were all completed on 29 May 2015.

On 28 October 2015, the Company, Beiqing Community Media Investment Centre, Hangzhou Shineng entered into the Capital Increase Agreements with each of the Investors, respectively, pursuant to which, the Investors have agreed to make the capital contribution to Beiqing Community Media in a total amount of RMB56 million, among which, a total amount of RMB2,965,600 will be recognized as the registered capital, while the remaining amount of RMB53,034,400 will be recognized as the capital reserves.

Upon completion of the Capital Increase, the Company's equity interest in Beiqing Community Media will be further diluted from 60.91% to 54.37%, and Beiqing Community Media will remain to be a subsidiary of the Company and included as a subsidiary in the Group's financial statements.

## **II. CAPITAL INCREASE AGREEMENTS**

**Date:** 28 October 2015

**Parties:**

- a) the Company;
- b) Beiqing Community Media Investment Centre;
- c) Hangzhou Shineng; and
- d) the Investors

**Effective Date:** The Capital Increase Agreements shall take effect on the date of being signed and chopped by the authorized representatives of the parties.

**Consideration:**

Pursuant to the Capital Increase Agreements, (i) Shanghai Xingjing will pay the consideration of RMB20 million, among which, RMB1,059,100 as contribution to the registered capital of Beiqing Community Media and RMB18,940,900 as contribution to the capital reserves of Beiqing Community Media; (ii) Donghai Ruijing will pay the consideration of RMB10 million, among which, RMB529,600 as contribution to the registered capital of Beiqing Community Media and RMB9,470,400 as contribution to the capital reserves of Beiqing Community Media; (iii) Teyin Nantong will pay the consideration of RMB10 million, among which, RMB529,600 as contribution to the registered capital of Beiqing Community Media and RMB9,470,400 as contribution to the capital reserves of Beiqing Community Media; and (iv) Ningbo Xiangyun will pay the consideration of RMB16 million, among which, RMB847,300 as contribution to the registered capital of Beiqing Community Media and RMB15,152,700 as contribution to the capital reserves of Beiqing Community Media.

The amount regarding the capital contribution made by the Investors to Beiqing Community Media was determined after arm's length negotiation among the parties with reference to the appraised value of entire equity interest in Beiqing Community Media as at the valuation date (31 August 2015), being RMB458.2998 million, as stated in the valuation report issued by Beijing Luguang Asset Appraisal Co., Ltd.\* (北京魯光資產評估有限公司). The Valuation was conducted through the income approach.

**Payment Arrangements:**

The capital contribution made by the Investors to Beiqing Community Media will be paid by the Investors within 10 business days upon the receipt of certain legal documents stipulated in the Capital Increase Agreements by the Investors from Beiqing Community Media.

**Corporate Governance:**

Upon completion of the Capital Increase, the board of directors of Beiqing Community Media shall comprise five directors, among which, the Company and Beiqing Community Media Investment Centre are entitled to jointly recommend three directors, Hangzhou Shineng is entitled to recommend one director, and Shanghai Xingjing is entitled to recommend one director. The supervisory committee of Beiqing Community Media shall comprise three supervisors, among which, the Company and Beiqing Community Media Investment Centre are entitled to jointly designate one supervisor, Ningbo Xiangyun is entitled to designate one supervisor, and one supervisor shall be employee representative.

**Other Terms:**

Pursuant to the Capital Increase Agreements, the total capital contribution, being RMB56 million shall only be used for supplementing the working capital of Beiqing Community Media or other uses approved by the board of directors of Beiqing Community Media as special resolutions. The capital contribution shall not be used (i) for repayment of the debt of Beiqing Community Media and shareholders; (ii) as non-operating expenses or other operating expenses not related to the Beiqing Community Media's main business; or (iii) for entrusted management, entrusted loans, futures trading and other risky investment business.

**III. VALUATION**

Given that the Valuation has adopted the income approach, which involves the calculation of discounted cash flow method and thus constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Valuation has been prepared on the following principal bases and assumptions:

**General Assumptions**

1. there are no material changes to the relevant prevailing laws and policies, or macro-economic situations in the country as well as the political, economic and social environment of regions where the parties under the transactions operate, and there are no material adverse impacts arising from other force majeure or unforeseeable factors;
2. the management of Beiqing Community Media is responsive, and the future management level of Beiqing Community Media will be qualified for the position;
3. Beiqing Community Media fully abides by relevant laws and regulations, and there will be no significant irregularities that could affect the development and profit realisation of Beiqing Community Media; and
4. the accounting policies adopted by Beiqing Community Media are basically the same in the important respects as the accounting policies adopted for the preparation of the valuation report.

## Special Assumptions

1. Beiqing Community Media will maintain the current operation scope and business pattern base on the existing management mode and management level; and
2. there will be no material changes to the interest rates, exchange rates, tax basis and tax rates, as well as the policy surcharges applicable to Beiqing Community Media.

Crowe Horwath (HK) CPA Limited\* (國富浩華(香港)會計師事務所有限公司), the reporting accountant of the Company, has reported on the arithmetical calculations of the discounted future estimated cash flows used in the valuation.

The Directors confirm that the profit forecast of Beiqing Community Media has been made after due and careful enquiries.

Letters of Comfort from Crowe Horwath (HK) CPA Limited and the Board in relation to the profit forecast of Beiqing Community Media are set out as Appendix I and Appendix II to this announcement.

## IV. EXPERT AND CONSENT

The qualification of the expert who has given its opinion and advice included in this announcement is as follows:

Name	Qualification
Crowe Horwath (HK) CPA Limited	Certified Public Accountants

As at the date of this announcement, Crowe Horwath (HK) CPA Limited has no shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for the securities in any member of the Group.

Crowe Horwath (HK) CPA Limited has given and has not withdrawn its consent to the publication of this announcement with inclusion of its letter or report and all references to its name in the form and context in which it is included.

## V. INFORMATION ON BEIQING COMMUNITY MEDIA

As at the date of this announcement, the Company, Beiqing Community Media Investment Centre, and Hangzhou Shineng held 60.91%, 19.09% and 20% equity interest in Beiqing Community Media, respectively. Beiqing Community Media is therefore a subsidiary of the Company.

The following table is a summary of the changes of registered capital of Beiqing Community Media prior to and immediately after the completion of the Capital Increase:

Shareholders	Capital contribution prior to the completion of the Capital Increase (Registered capital)		Capital contribution immediately after the completion of the Capital Increase (Registered capital)	
	RMB	(%)	RMB	(%)
The Company	15,000,000	60.91	15,000,000	54.37
Beiqing Community Media				
Investment Centre	4,700,000	19.09	4,700,000	17.03
Hangzhou Shineng	4,925,000	20.00	4,925,000	17.85
Investors	—	—	2,965,600	10.75
(1) Shanghai Xingjing	—	—	1,059,100	3.84
(2) Donghai Ruijing	—	—	529,600	1.92
(3) Teyin Nantong	—	—	529,600	1.92
(4) Ningbo Xiangyun	—	—	847,300	3.07
<b>Total</b>	<b>24,625,000</b>	<b>100</b>	<b>27,590,600</b>	<b>100</b>

The audited total assets and net assets of Beiqing Community Media as at 31 December 2014 were RMB9,188,064.09 and RMB1,613,557.58, respectively. The net loss (both before and after taxation and extraordinary items) of Beiqing Community Media for the two financial years ended 31 December 2014 are as follows:

Transactions	For the year ended 31 December 2013 (RMB)	For the year ended 31 December 2014 (RMB)
Net loss before taxation and extraordinary items	357,523.16	17,728,919.26
Net loss after taxation and extraordinary items	357,523.16	17,728,919.26

## **VI. FINANCIAL IMPACT ON THE GROUP**

Upon completion of the Capital Increase, the Company's equity interest in Beijing Community Media will be further diluted from 60.91% to 54.37%, and Beijing Community Media will remain to be a subsidiary of the Company. Therefore, the operation results and financial condition of Beijing Community Media will continue to be included in the Group's consolidated financial statements. Due to that the impact of Capital Increase will not result in the Group's loss of control over Beijing Community Media, the deemed disposal caused by the Capital Increase will be recognized as equity transaction, and will not lead to any gain or loss in the current period.

## **VII. REASONS FOR AND BENEFIT OF ENTERING INTO THE CAPITAL INCREASE AGREEMENTS**

Beiqing Community Media is principally engaged in the publication and distribution of Beiqing Community Daily, the operation of community stations, the establishment of mobile information service platform, and is dedicated to develop an online-to-offline community media internet platform based on the communities. The Directors considers that the Capital Increase could (i) promote the business expansion and strategic transformation of Beiqing Community Media, provide financial support to Beiqing Community Daily, the community stations and the projects such as community mobile interaction software, in order to enhance the dominance position of Beiqing Community Media in the community industry in Beijing; and (ii) facilitate Beiqing Community Media to further utilise the resources and advantages of all shareholders, and to cooperation at depth with the shareholders in relevant fields based on the platform of Beiqing Community Daily.

The proceeds raised from the Capital Increase will be mainly used for the redevelopment of Beiqing Community Media's community stations and community mobile interaction software and the operating projects, as well as appropriately supplementing the working capital of Beiqing Community Media.

As such, the Directors (including the independent non-executive Directors) are of the view that the Capital Increase Agreements was entered into on normal commercial terms, and although the transaction thereunder is not in the ordinary and usual course of business of the Company, the terms and conditions therein are fair and reasonable and in line with the overall development strategy of the Group as well as in the interests of the Company and its shareholders as a whole.

## **VIII. LISTING RULES IMPLICATIONS**

Upon completion of the Capital Increase, the Company's equity interest in Beiqing Community Media will be diluted from 60.91% to 54.37%, which constitutes a deemed disposal under Rule 14.29 of the Listing Rules. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the deemed disposal contemplated under the Capital Increase Agreements (aggregated with the capital injection to Beiqing Community Media by Hangzhou Shineng dated 4 May 2015 as required by Rule 14.22 of the Listing Rules) exceed 5% but are less than 25%, therefore the transaction contemplated thereunder constitutes a discloseable transaction of the Company, which is subject to the announcement requirement but exempt from shareholders' approval requirement under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, and save as disclosed above, there is no other transaction which would be, together with the aforesaid transactions, aggregated under Rule 14.22 of the Listing Rules.

None of the Directors are deemed to have material interest in the Capital Increase Agreements, and thus have been required to abstain from voting on the relevant resolution at the Board meeting.

## **IX. GENERAL INFORMATION ON THE PARTIES TO THE TRANSACTIONS**

### **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.

### **Beiqing Community Media Investment Centre**

Beiqing Community Media Investment Centre is a limited partnership enterprise incorporated under the laws of the PRC, holding 19.09% percent of the equity interests in Beiqing Community Media as at the date of this announcement. Beiqing Community Media Investment Centre is principally engaged in project investment and business management.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, Beiqing Community Media Investment Centre and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.



## Hangzhou Shineng

Hangzhou Shineng is a limited liability company incorporated under the laws of the PRC, holding 20% percent of the equity interests in Beiqing Community Media as at the date of this announcement. Hangzhou Shineng is principally engaged in investment management consulting.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, Hangzhou Shineng and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

## Investors

Shanghai Xingjing, Donghai Ruijing, Teyin Nantong, and Ningbo Xiangyun, each of which is an investor under the Capital increase and is principally engaged in capital investment and investment management in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, the Investors and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

## X. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed under the Listing Rules
“Beiqing Community Media”	Beiqing Community Culture Media (Beijing) Limited* (北青社區文化傳媒(北京)有限責任公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of the Company
“Beiqing Community Media Investment Centre”	Beijing Beiqing Community Culture Media Investment Centre Limited Partnership* (北京北青社區文化傳媒投資中心(有限合夥)), a limited partnership enterprise incorporated under the laws of the PRC, holding 19.09% of the equity interests in Beiqing Community Media as at the date of this announcement
“Board”	the board of directors of the Company

“Capital Increase”	means the investment made to Beiqing Community Media by the Investors in a total amount of RMB56 million as contemplated under the Capital Increase Agreements
“Capital Increase Agreements”	means the Capital Increase Agreements entered into on 28 October 2015 between the Company, Beiqing Community Media Investment Centre, Hangzhou Shineng and each of the Investors, pursuant to which, the Investors has agreed to make the capital contribution to Beiqing Community Media in a total amount of RMB56 million
“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 directors of the Company
“Donghai Ruijing”	Donghai Ruijing Asset Management (Shanghai) Co., Ltd.* (東海瑞京資產管理(上海)有限公司), a limited liability company incorporated under the laws of the PRC
“Group”	the Company and its subsidiaries
“Hangzhou Shineng”	Hangzhou Shineng Investment Consulting Co., Ltd.* (杭州勢能投資諮詢有限公司), formerly known as Hangzhou Xipan Investment Consulting Co., Ltd.* (杭州溪畔投資諮詢有限公司), a limited liability company incorporated under the laws of the PRC, holding 20% of the equity interests in Beiqing Community Media as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Investors”	Shanghai Xingjing, Donghai Ruijing, Teyin Nantong, and Ningbo Xiangyun, each of which entered into a capital increase agreement with the Company, Beiqing Community Media Investment Centre, and Hangzhou Shineng regarding the capital injection to Beiqing Community Media
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Ningbo Xiangyun”	Ningbo Xiangyun Shuangxin No.1 Investment Partnership (Limited Partnership)* (寧波祥雲雙信一號投資合夥企業(有限合夥)), a limited partnership enterprise incorporated under the laws of the PRC
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Xingjing”	Shanghai Xingjing Investment Centre (Limited Partnership)* (上海星京投資管理中心(有限合夥)), a limited partnership enterprise incorporated under the laws of the PRC
“Shareholders”	the shareholders of the Company
“Teyin Nantong”	Teyin Nantong Equity Fund Management Centre (Limited Partnership)* (特銀南通股權投資基金管理中心(有限合夥)), a limited partnership enterprise incorporated under the laws of the PRC
“Valuation”	the valuation of entire equity interest in Beiqing Community Media as at the valuation date (31 August 2015) as stated in the valuation report issued by Beijing Luguang Asset Appraisal Co., Ltd., through the income approach and on such basis and assumptions as agreed by the parties

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

Beijing, the PRC  
28 October 2015

*As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Yu Haibo, He Xiaona and Duan Gang, the non-executive directors of the Company, Li Shiheng, Liu Han, Wu Peihua, Li Xiaobing, Wang Lin and Xu Xun, and the independent non-executive directors of the Company, Song Jianwu, Cui Baoguo, Wu Tak Lung, Cui Enqing and Chen Ji.*

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

# **APPENDIX I – LETTER FROM CROWE HORWATH (HK) CPA LIMITED IN RELATION TO THE PROFIT FORECAST ON BEIQING COMMUNITY MEDIA**

28 October 2015

The Board of Directors  
Beijing Media Corporation Limited

Dear Sirs,

## **Beijing Media Corporation Limited (“the Company”) Transaction in connection with the proposed capital increase by third parties in Beiqing Community Culture Media (Beijing) Limited (the “Capital Increase Transaction”)**

We have been engaged to report on the arithmetical calculations of the discounted future cash flows used in the business valuation of Beiqing Community Culture Media (Beijing) Limited (the “**Valuation**”) dated 28 September 2015, prepared by Beijing Luguang Asset Appraisal Co., Ltd.. The valuation is based in part upon discounted future cash flows and is regarded by the directors of the Company as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

### **Directors’ Responsibility for the Discounted Future Cash Flows**

The directors of the Company are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the directors and as set out in the Valuation. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

### **Our responsibility**

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the arithmetical calculations of the discounted future cash flows used in the Valuation.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in accordance with the bases and assumptions as set out in the Valuation. We re-performed the arithmetical calculations and compared the compilation of the discounted future cash flows with the bases and assumptions.

We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of Beiqing Community Culture Media (Beijing) Limited or an expression of an audit or review opinion of the Valuation.

The discounted future cash flows do not involve the adoption of accounting policies. The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules 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.

### **Opinion**

Based on the foregoing, in our opinion, the discounted future cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out in the Valuation.

Yours faithfully,  
For and on behalf of  
**Crowe Horwath (HK) CPA Limited**  
**Yau Hok Hung**  
*Director*

**APPENDIX II – LETTER FROM THE BOARD IN RELATION TO THE PROFIT FORECAST  
ON BEIQING COMMUNITY MEDIA**



**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)**

28 October 2015

The Stock Exchange of Hong Kong Limited  
11/F., One International Finance Centre,  
1 Harbour View Street,  
Central,  
Hong Kong

Dear Sirs or Madams,

**DISCLOSEABLE TRANSACTIONS OF BEIJING MEDIA  
CORPORATION LIMITED (THE “COMPANY”) DEEMED DISPOSAL  
OF EQUITY INTEREST IN BEIQING COMMUNITY MEDIA**

We refer to the announcement of the Company dated 28 October 2015 (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings in this letter when used herein.

We have reviewed the bases and assumptions based upon which the valuation of Beiqing Community Media has been prepared by Beijing Luguang Asset Appraisal Co., Ltd.. We have also considered the report from the reporting accountant of the Company, Crowe Horwath (HK) CPA Limited, regarding whether the discounted future estimated cash flow of the Beiqing Community Media, so far as the calculations are concerned, have been properly complied, in all material respects, in accordance with their respective bases and assumptions.

On the basis of the foregoing, in accordance with the requirements under Rule 14.62(3) of the Listing Rules, we confirm that the profit forecast of Beiqing Community Media has been made after due and careful enquiry by us.

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