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If you have sold or transferred all your shares in **Beijing Media Corporation Limited**, you should at once hand this circular and the accompanying form of proxy and the reply slip to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



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 AND SUPPLEMENTAL NOTICE OF AGM

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Wallbanck Brothers Securities (Hong Kong) Limited

A letter from the Board is set out on pages 4 to 14 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 15 to 16 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 17 to 31 of this circular.

A supplemental notice convening the AGM to be held at 2:00 p.m. on Friday, 19 June 2015 at 21st Floor, Beijing Youth Daily Agency, Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC is set out on pages 36 to 37 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.

4 June 2015

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DEFINITIONS

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

“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
“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, which was 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

DEFINITIONS

“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
“Independent Shareholders”	Shareholders other than any person and its associates which has a 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
“Latest Practicable Date”	28 May 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“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 circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“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
“Supervisor(s)”	the supervisor(s) of the Company

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

Yu Haibo

He Xiaona

Registered Office:

Building A, No.23 Baijiazhuang Dongli

Chaoyang District

Beijing 100026

PRC

Non-Executive Directors:

Li Shiheng

Liu Han

Wu Peihua

Li Xiaobing

Wang Lin

Xu Xun

Independent Non-Executive Directors:

Song Jianwu

Cui Baoguo

Wu Tak Lung

Cui Enqing

Chen Ji

4 June 2015

To the Shareholders

Dear Sir or Madam,

**PROPOSED REVISION OF THE 2015 ANNUAL CAP
FOR THE CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED
UNDER THE ADVERTISING AGENCY FRAMEWORK AGREEMENT
AND
SUPPLEMENTAL NOTICE OF AGM**

1. INTRODUCTION

Reference is made to the Company's notice of AGM dated 30 April 2015, which sets out the time and venue of the AGM and contains the relevant resolutions to be put forward at the AGM for Shareholders' consideration and approval.

LETTER FROM THE BOARD

In addition to the above-mentioned proposals, the Parent (being a substantial Shareholder holding 63.27% of the shares of the Company) has also submitted to the Board a proposal 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 as a provisional motion.

Reference is also made to the announcements of the Company dated 14 May 2015 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.

The purpose of this circular is to provide you with, among other things, (i) detailed information regarding the above-mentioned proposal; and (ii) a supplemental notice convening the AGM.

2. 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. The 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the Group being authorised to act as the advertising agent of the LEPA Group will remain unchanged.

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.

I. BACKGROUND

As disclosed in the announcements of the Company dated 27 February 2013 and 2 December 2014, considering the quality advertiser resource of LEPA in its strong field including sales promotion, consumption and others fields, and in order to provide more choices of advertising platform to the clients of the Company and to generate higher return from the Company's advertising agent business and advertising business, 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

LETTER FROM THE BOARD

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.

Pursuant to the advertising agency contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group, when receiving advertisement placing orders from its customers, the LEPA Group can choose to purchase certain advertising space in the Beijing Youth Daily and other journals or media in the possession of or represented by the Group and sell such advertising space to its customers. Accordingly, LEPA shall receive the advertising agent fee from its clients and pay the advertising placement fee to the Company based on the Company's standard price list.

Members of the Group and the LEPA Group 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 the Advertising Agency Framework Agreement during its term thereof. Each implementation agreement will set out the detailed services, the specifications, quantities, prices, payment method, date and other relevant terms. For the advertising agency agreements contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group, the implementation agreements under the Advertising Agency Framework Agreement are settled in time by LEPA to the Company according to the payback period of its clients (generally 3-6 months according to advertising industry practice and the previous experience of the Company).

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

LETTER FROM THE BOARD

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 and the four months ended 30 April 2015 as known to the Directors are set out below:

Historical Transaction Value

	Year ended 31 December 2013 (RMB)	Year ended 31 December 2014 (RMB)	Four months ended 30 April 2015 (RMB)
Transactions			
advertising placement fee payable by LEPA to the Company	25,985,757.37	29,759,605.65	101,800

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 Latest Practicable Date and before the approval of the Revised Annual Cap by the Independent Shareholders, the existing 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 and is not expected to be exceeded.

Due to the concentration of holidays including the New Year's Day, the Spring Festival and the Tomb-sweeping Day, the period from January to April is the slack season for advertisement placing, the newspaper spaces during festivals and holidays shrink accordingly and the advertisement placing amount decreases as well. Furthermore, according to industry practice and the previous experience of the Company, the settlement period for advertisement placing is generally from 3 to 6 months and the middle and the end of the year are settlement time-points for advertisement. Therefore, the Company expected that the utilization ratio of the original annual caps for the year ending 31 December 2015 will increase drastically in the middle and the second half of the year.

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

With the increase of advertisement placing demand by the LEPA Group's customers from the Group, it is expected that the LEPA Group's demand of advertising agency from 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:

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

Reasons for the Proposed Revision of the Annual Cap

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 and the increasing number of electric automotive corporations authorized to operate in Beijing, the competition in electric automotive market has become increasingly fierce. In 2015, 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 due to its tremendous impact in the automotive industry.

According to the agreement entered into between LEPA and Beijing Electric Vehicle Co., Ltd. ("BAIC"), LEPA will provide media resources to BAIC on an annual basis, which will be applied to BAIC's promotion and advertising in Beijing area, among which the advertising placement fee receivable by Beijing Youth Daily is expected to be approximately RMB2 million in 2015.

In addition, the Company had received official notification from the LEPA that the LEPA is undergoing collaborative negotiations with nine electric automotive manufacturers approved for sales in Beijing. In accordance with the promotion and advertising demand from the nine

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electric automotive manufacturers, the advertising placement fee receivable by Beijing Youth Daily is expected to be approximately no less than RMB10 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.

As stated in the official notification from the LEPA to the Company, the LEPA, as the cooperative partner of the Winter Olympic Committee, is currently communicating with clients in fields of, among others, real estate and automobile in respect of various activities, carrying out advertising and promoting activities themed green travel and national fitness. The contracts thereof will be officially executed and the advertisement thereof will begin to be placed on Beijing Youth Daily in the second half of 2015. The advertising placement fee receivable by the Company is therefore expected to increase by approximately 15%. The growth rate, being 15%, is determined also with reference to the growth rate of advertisement income of the Company, being 17.71%, in 2008, namely the year when the Beijing Summer Olympic Games were held; 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) are of the view that the above-mentioned proposed revision of the 2015 annual cap is fair and reasonable, on normal commercial terms, and in the best interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

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: generally at around 30% -50% discount which is also applicable to independent third parties and thus no less favourable than available to or from independent third parties, and the specific discount is determined also with reference to the industry nature, market circumstances, placement position and publishing time, etc.), actual placement quantity, size and other factors.

The Company confirms that the aforesaid a) state-prescribed price or b) relevant market price is not applicable, and that 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 determined with reference to the placement size, placement position and the placement color (color or black and white). The standard price list of the Company 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 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 Company. 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:

LETTER FROM THE BOARD

- (i) In determining the above-mentioned pricing policies, the administrative department and the sales department of the Company is responsible for proposing the price, which will be reviewed by the Board office of the Company to ensure that the advertising placement fee payable by LEPA to the Company is fair and reasonable, on normal commercial terms, as well as not less than the price payable by the other independent third parties to the Company for advertising space provided by the Group, and is subject to the final approval by the head of the advertising department of the Company.
- (ii) 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 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.
- (iii) 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.
- (iv) The Board office of the Company regularly monitors the relevant transaction amount to ensure it does not exceed any applicable cap.
- (v) 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.
- (vi) 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.

LETTER FROM THE BOARD

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.

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.

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.

3. AGM

A supplemental notice convening the AGM to be held at 21st Floor, Beijing Youth Daily Agency, Building A, No.23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC, at 2:00 p.m. on Friday, 19 June 2015, is set out on pages 36 to 37 of this circular.

Votes on the resolutions to be proposed at the AGM shall be taken by way of poll. As at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, other than the Parent and its associates, no other connected person of the Company, Shareholder and their respective associates with a 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 is required to abstain from voting on the relevant resolution at the AGM.

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 AGM or any adjournment thereof should you so wish.

4. RECOMMENDATION

The Directors (excluding the independent non-executive Directors) believe that the Advertising Agency Framework Agreement was entered into in the ordinary and usual course of business of the Company, and the terms and conditions of Advertising Agency Framework Agreement as well as 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 are fair and reasonable, on normal commercial terms and in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the AGM.

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 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 (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 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 the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice.

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

LETTER FROM THE BOARD

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.

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 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, 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)

4 June 2015

To the Independent Shareholders

Dear Sir or Madam,

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

We refer to the circular of the Company dated 4 June 2015 (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.

We have been appointed by the Board as the Independent Board Committee to consider and advise you as to whether, in our opinion, 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 (details of which are set out in the letter from the Board) is fair and reasonable so far as the Independent Shareholders are concerned.

Wallbanck Brothers has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on the fairness and reasonableness of 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. Details of the advice from Wallbanck Brothers, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 17 to 31 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 14 of the Circular and the additional information set out in the appendix to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the Revised Annual Cap, the interests of the Independent Shareholders and the advice of Wallbanck Brothers, we are of the opinion that the Advertising Agency Framework Agreement was entered into in the ordinary and usual course of business of the Company, and the terms and conditions of the Advertising Agency Framework Agreement as well as 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 are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the AGM so as to approve 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.

Yours faithfully,

For and on behalf of the Independent Board Committee of

Beijing Media Corporation Limited

Song Jianwu

Cui Baoguo

Wu Tak Lung

Cui Enqing

Chen Ji

Independent Non-executive Directors

LETTER FROM WALLBANCK BROTHERS

The following is the full text of a letter of advice from Wallbanck Brothers, the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Proposed Revision of 2015 Annual Cap for the Continuing Connected Transactions under the Advertising Agency Framework Agreement, for the purpose of incorporation into this Circular.



WALLBANCK BROTHERS
Securities (Hong Kong) Limited

1312, Tower 1, Lippo Centre,
89 Queensway, Central,
Hong Kong

4 June 2015

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

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders of Beijing Media Corporation Ltd. (the “**Company**”) in respect of the proposed revision of 2015 annual cap for the continuing connected transactions under the Advertising Agency Framework Agreement (the “**Proposed Revision**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular to the Shareholders dated 4 June 2015 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires the otherwise.

According to the Letter from the Board, reference is made to the announcement of the Company dated 14 May 2015, in which the Company disclosed, among others, information in relation to the Proposed Revision.

According to the Letter from the Board, the directors of the Company (the “**Directors**”) have been closely monitoring the advertising agency-related transactions. According to the Letter from the Board, based on internal estimates, the Directors consider

LETTER FROM WALLBANCK BROTHERS

that with the increase of advertisement placing demand by the LEPA Group's customers from the Group, it is expected that the LEPA Group's demand of advertising agency from 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 as set out in the Letter from the Board.

As at the Latest Practicable Date, 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 transaction under the Advertising Agency Framework Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The Company will seek approval of the Independent Shareholders by way of poll on the Proposed Revision at the forthcoming 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.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the accuracy of the information, opinions and representations provided to us by the Directors and management of the Company, and have assumed that all information, opinions and representations contained or referred to in this Circular were true and accurate at the time when they were made and will continue to be accurate at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in this Circular were reasonably made after due enquiry. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We consider that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this Circular to provide a reasonable basis for our opinions and recommendations. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in this Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company.

In formulating our opinion, we have relied on the financial information provided by the Company, particularly, on the accuracy and reliability of financial statements and other financial data of the Company. We have not audited, compiled nor reviewed the said

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financial statements and financial data. We shall not express any opinion or any form of assurance on them. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. The Directors have also advised us that no material facts have been omitted from the information to reach an informed view, and we have no reason to suspect that any material information has been withheld. We have not carried out any feasibility study on any past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company. Our opinion has been formed on the assumption that any analysis, estimation, forecast, anticipation, condition and assumption provided by the Company are valid and sustainable. Our opinions shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company.

In formulating our opinion, we have not considered the taxation implications on the Independent Shareholders arising from the Proposed Revision as these are particular to the individual circumstances of each Shareholder. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her decision to the Proposed Revision. In particular, the Independent Shareholders who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consult their own tax positions, and if in any doubt, should consult their own professional advisers.

Our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of, the Latest Practicable Date.

Our opinions are formulated only and exclusively for the purpose of the Proposed Revision and shall not be used for any other purpose in any circumstance nor for any comparable purpose with any other opinions.

We shall not express any opinion on the annual cap of 2013 and 2014 for the continuing connected transactions under the Advertising Agency Framework Agreement.

Our opinions are based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the advertising agency-related transactions.

Our opinions are based on the Directors' confirmation of receipt of our advice that the Directors and the management of the Company are responsible to take all reasonable steps to ensure that the information and representations provided in any press announcement, circular and prospectus concerning Proposed Revision are true, accurate, complete and not misleading, and that no material information or facts have been omitted or withheld.

Our opinions and their validity are subject to the views of the Board and to the risk factors set out in this letter concerning the Proposed Revision.

LETTER FROM WALLBANCK BROTHERS

We take no responsibility for the contents of the Letter from the Board, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this letter.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and Independent Shareholders in respect of the Proposed Revision, we have taken into consideration the following principal factors and reasons:

1. Business and financial information on the Group

According to the Letter from the Board, the Group is principally engaged in providing newspaper, magazine, and outdoor advertising services, printing and trading of print-related materials in the PRC.

Set out below is a summary of the financial information of the Group for the three years ended 31 December 2014:

	For the year ended 31 December 2012 <i>RMB'000</i>	For the year ended 31 December 2013 <i>RMB'000</i>	For the year ended 31 December 2014 <i>RMB'000</i>
Total operating revenue	690,276	667,428	680,769
Profit for the year	63,459	17,273	4,896
Net profit attributable to shareholders of the Company	64,987	20,377	10,506
Advertising sales	361,299	339,805	360,187

According to the annual report of the Group for the year ended 31 December 2013, total operating revenue of the Group for 2013 was RMB667,428,000 (2012: RMB690,276,000), representing a decrease of 3.31% as compared with 2012. Such decrease was caused by the decrease in advertising sales from the automobile industry and the luxury industry.

According to the annual report of the Group for the year ended 31 December 2014, the total operating revenue of the Group for the year ended 31 December 2014 was approximately RMB680,769,000 (2013: approximately RMB667,428,000), representing an increase of approximately 2% as compared with 2013. Such small increase in sales revenue was due to increasingly intense competition in the industry.

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According to the annual report of the Group for the year ended 31 December 2013, the profit after tax for 2013 was approximately RMB17,273,000 (2012: approximately RMB63,459,000), representing a decrease of 72.78% as compared with 2012. Of which, net profit attributable to shareholders of the Company was RMB20,377,000 (2012: approximately RMB64,987,000), representing a decrease of 68.64% as compared with 2012.

According to the annual report of the Group for the year ended 31 December 2014, the profit after tax was approximately RMB4,896,000 (2013: approximately RMB17,273,000, representing a decrease of 71.66% as compared with 2013. Of which, net profit attributable to shareholders of the Company was RMB10,506,000 (2013: approximately RMB20,377,000), representing a decrease of 48.44% as compared with 2013. Such decrease was attributable to various factors, including the macroeconomic downturn, persistently strict control over real estate and automobile markets and slide in luxury product industry.

According to the annual report of the Group for the year ended 31 December 2013, revenue from advertising sales was approximately RMB339,805,000 (2012: approximately RMB361,299,000), representing a decrease of 5.95% as compared with 2012. Such decrease was directly attributed to the more stringent vehicle control policy implemented in 2013 by the Beijing Municipal Government.

According to the annual report of the Group for the year ended 31 December 2014, revenue from advertising sales was approximately RMB360,187,000 (2013: approximately RMB339,805,000), representing an increase of 6% as compared with 2013. Such increase in advertising sales was attributable to an increased focus and adjustment of the approach by the Company on advertising sales in the automobile industry.

2. Proposed Revision of the 2015 Annual Cap for the Continuing Connected Transactions Contemplated under the Advertising Agency Framework Agreement

According to Letter from the Board, the Company 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 LEPA Group being authorized to act as the advertising agent of the Group, and will further seek approval from the Shareholders at the AGM. The 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the Group being authorized to act as the advertising agent of the LEPA Group will remain unchanged.

I. Background

As disclosed in the announcements of the Company dated 27 February 2013 and 2 December 2014, in consideration of the quality advertiser resource of LEPA in its strong field including sales promotion consumption and others fields, and in order to provide more choices of advertising platform to the clients of the Company and to generate higher return from the Company's advertising agent business and advertising business, 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

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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.

Pursuant to the advertising agency contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorized to act as the advertising agent of the Group, when receiving advertisement placing orders from its customers, the LEPA Group can choose to purchase certain advertising space in the Beijing Youth Daily and other journals or media in the possession of or represented by the Group and sell such advertising space to its customers. Accordingly, LEPA shall receive the advertising agent fee from its clients and pay the advertising placement fee to the Company based on the Company's standard price list.

According to the Letter from the Board, members of the Group and the LEPA Group 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 the Advertising Agency Framework Agreement during its term thereof. Each implementation agreement will set out the detailed services, the specifications, quantities, prices, payment method, date and other relevant terms. For the advertising agency agreements contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorized to act as the advertising agent of the Group, the implementation agreements under the Advertising Agency Framework Agreement are settled in time by LEPA to the Company according to the payback period of its clients (generally 3-6 months according to advertising industry practice and the previous experience of the Company.)

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:

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

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II. *Historical Transaction Value*

According to the Letter from the Board, the historical transaction value for the continuing connected transactions under the Advertising Agency Framework Agreement in relation to LEPA Group being authorised to act as the advertising agent of the Group for the two years ended 31 December 2014 and the four months ended 30 April 2015 as known to the Directors are set out below:

Transactions	Year ended 31 December 2013 (RMB)	Year ended 31 December 2014 (RMB)	Four months ended 30 April 2015 (RMB)
advertising placement fee payable by LEPA to the Company	25,985,757.37	29,759,605.65	101,800

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 Latest Practicable Date and before the approval of the Revised Annual Cap by the Independent Shareholders, the existing 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 and is not expected to be exceeded.

According to the Letter from the Board, due to the concentration of holidays including the New Year's Day, the Spring Festival and the Tomb-sweeping Day, the period from January to April is the slack season for advertisement placing, the newspaper spaces during festivals and holidays shrink accordingly and the advertisement placing amount decreases as well. Furthermore, according to industry practice and the previous experience of the Company, the settlement period for advertisement placing is generally from 3 to 6 months and the middle and the end of the year are settlement time-points for advertisement. Therefore, the Company expected that the utilization ratio of the original annual caps for the year ending 31 December 2015 will increase drastically in the middle and the second half of the year.

According to the Letter from the Board, with the increase of advertisement placing demand by the LEPA Group's customers from the Group, it is expected that the LEPA Group's demand of advertising agency from 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.

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

The Proposed Revision in relation to LEPA Group being authorised to act as the advertising agent of the Group are as follows:

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

IV. Reasons for the Proposed Revision of the 2015 Annual Cap

According to the Letter from the Board, in arriving at the Revised 2015 Annual Cap, the Directors have taken into account, among other matters:

- (i) As the PRC government has strengthened the support to new energy industry and the increasing number of electric automotive corporations authorized to operate in Beijing, the competition in electric automotive market has become increasingly fierce. In 2015, 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 due to its tremendous impact in the automotive industry.

According to the agreement entered into between LEPA and Beijing Electric Vehicle Co., Ltd. (“BAIC”), LEPA will provide media resources to BAIC on an annual basis, which will be applied to BAIC’s promotion and advertising in Beijing area, among which the advertising placement fee receivable by Beijing Youth Daily is expected to be approximately RMB2 million in 2015.

In addition, the Company had received official notification from the LEPA that the LEPA is under going collaborate negotiations with nine electric automotive manufacturers approved for sales in Beijing. In accordance with the promotion and advertising demand from the nine electric automotive manufacturers, the advertising placement fee receivable by Beijing Youth Daily is expected to approximately no less than RMB10 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

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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.

As stated in the official notification from the LEPA to the Company, the LEPA, as the cooperative partner of the Winter Olympic Committee, is currently communicating with clients in fields of, among others, real estate and automobile in respect of various activities, carrying out advertising and promoting activities themed green travel and national fitness. The contracts thereof will be officially executed and the advertisement thereof will begin to be placed on Beijing Youth Daily in the second half of 2015. The advertising placement fee receivable by the Company is therefore expected to increase by approximately 15%. The growth rate, being 15%, is determined also with reference to the growth rate of advertisements income of the Company, being 17.71%, in 2008, namely the year when the Beijing Summer Olympic Games were held; 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 5% in 2015.

We have discussed with the Company's management concerning the agreement entered between LEPA and BAIC, the official notification from LEPA and the said 15%, on the assumption that the 2022 Winter Olympics shall have been realized in Beijing, and 5%.

The Directors (excluding the independent non-executive Directors) are of the view that the above-mentioned proposed revision of the 2015 annual cap is fair and reasonable, on normal commercial terms, and in the best interests of the Company and its Shareholders as a whole.

V. 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

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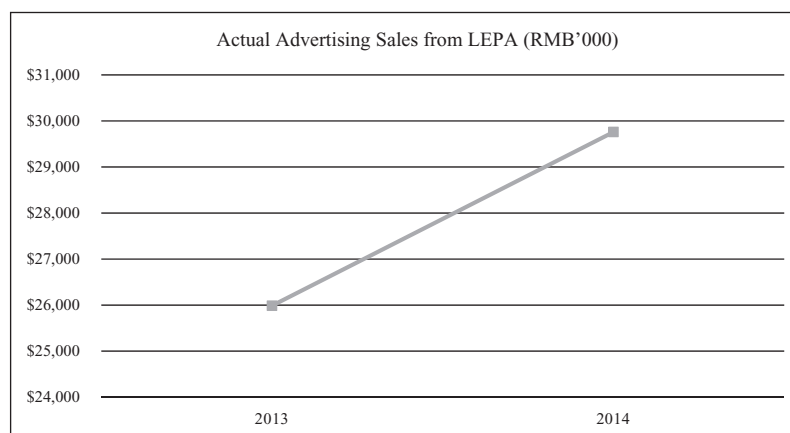
parties. The contract price shall be determined after arm's length negotiations between the Company and LEPA according to unit price set out in the standard advertising price lists of the Company (subject to applicable discounts: generally at around 30%-50% discount which is also applicable to independent third parties and thus no less favourable than available to or from independent third parties, and the specific discount is determined also with reference to the industry nature, market circumstances, placement position and publishing time, etc.), actual placement quantity, size and other factors.

The Company confirms that the aforesaid a) state-prescribed price or b) relevant market price is not applicable, and that 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 determined with reference to the placement size, placement position and the placement color (color or black and white). The standard price list of the Company 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.

3. Analysis of Factors and Bases for the Proposed Revised 2015 Annual Cap

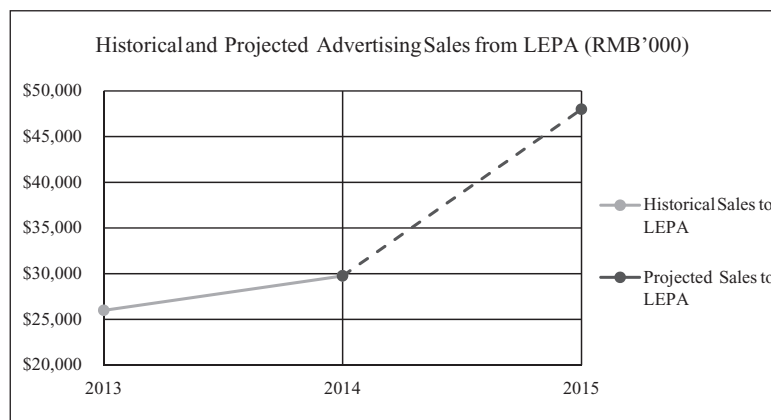
(i) Review of the actual (historical) advertising sales turnover from LEPA for the years 2013 and 2014; and projection of 2015 advertising sales turnover from LEPA

According to the Letter from the Board, the actual advertising sales earned from LEPA in 2013 and 2014 were approximately RMB25,985,757 and RMB29,759,605, respectively, representing in an increase of 14.5%:



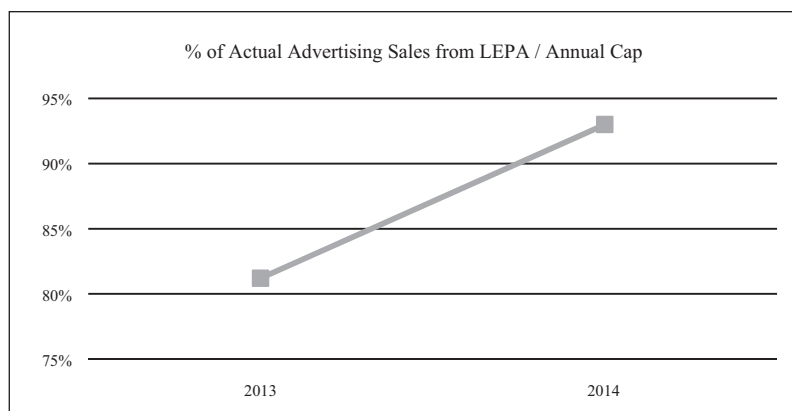
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According to the Letter from the Board, the advertising sales from LEPA is expected to reach approximately RMB48,000,000 in 2015, exceeding the current Annual Cap for 2015 of RMB32,000,000 but less than the proposed revised Annual Cap for 2015 of RMB50,000,000:



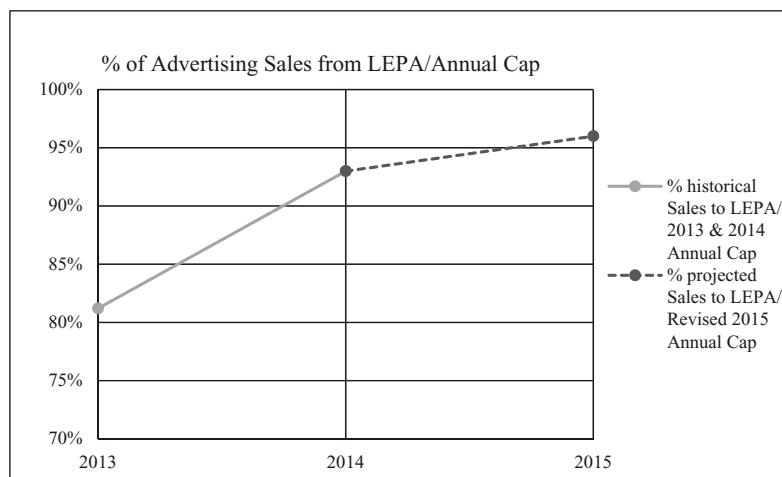
(ii) Comparison of the actual (historical) advertising sales turnover from LEPA with the Annual Caps for the years 2013 and 2014; and projection of 2015 advertising sales turnover from LEPA with the proposed revised 2015 Annual Cap

According to the Letter from the Board, the actual advertising sales from LEPA of approximately RMB25,985,757 and RMB29,759,605 for 2013 and 2014 respectively, utilising 81% and 93% of the existing annual caps of RMB32,000,000 and RMB32,000,000 in 2013 and 2014 respectively, and representing an increase of 14.8% of the Annual Cap utilized:



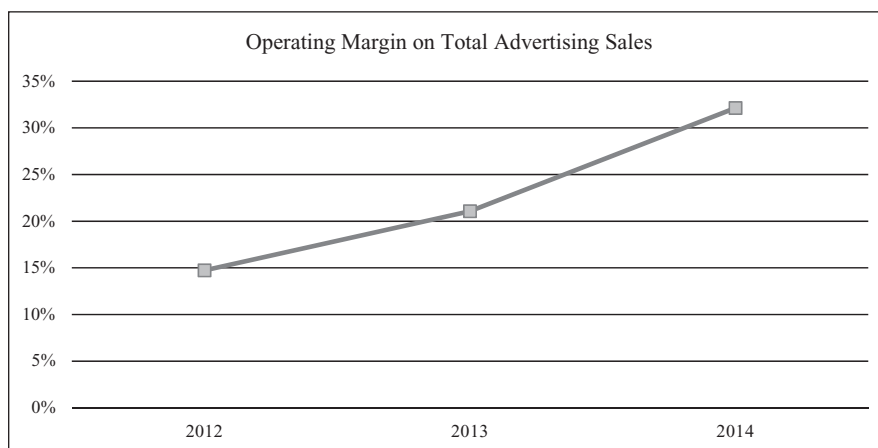
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According to the Letter form the Board, the projected Advertising Sales from LEPA in 2015 will account for about 96% of the revised proposed Annual Cap of RMB50,000,000 for 2015:



(iii) Review on the operating margin of the actual total advertising sales made by the Company for the years 2012, 2013, 2014

According to the Company Annual Report, the total advertising sales earned by the Company (from LEPA and other sources) for 2012, 2013 and 2014 were approximately RMB361,299,000, RMB339,805,000 and RMB360,187,000 respectively; and that the respective operating margin has been increasing from 15% in 2012 to 21% in 2013 and 32% in 2014, as shown in the following chart:



The chart shows that the operating margin has been increasing from 2012 to 2014, providing the Company with strong incentive to focus in the advertising sales sector in 2015 and substantiating the proposed revised Annual Cap of RMB50,000,000 for 2015.

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INTERNAL CONTROL MEASURES

According to the Letter from the Board, 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) In determining the above-mentioned pricing policies, the administrative department and the sales department of the Company is responsible for proposing the price, which will be reviewed by the Board office of the Company to ensure that the advertising placement fee payable by LEPA to the Company is fair and reasonable, on normal commercial terms, as well as not less than the price payable by the other independent third parties to the Company for advertising space provided by the Group, and is subject to the final approval by the head of the advertising department of the Company.
- (ii) The Board office of the Company continually monitors the transaction amounts of the continuing connected transactions contemplated under the Advertising Agency Framework Agreement, in order to ensure that the advertising placement fee payable by 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.
- (iii) 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.
- (iv) The Board office of the Company regularly monitors the relevant transaction amounts to ensure they do not exceed any applicable cap.
- (v) 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 related agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements.
- (vi) 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.

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It is fair and reasonable to infer that the adoption of the above measures promote good corporate governance practices and therefore safeguards the interests of the Independent Shareholders.

RISK FACTORS

The advertising sales projections by the Company as indicated in the subsection headed “Analysis of Factors and Bases for the Proposed Revised 2015 Annual Cap” may not be sustainable and could subject to change and adjustment.

The said Winter Olympics may or may not be realized in Beijing in 2022 and therefore the relevant projections and estimations may not be valid.

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 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 Latest Practicable Date, 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.

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.

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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.

RECOMMENDATION

Having considered the above principal factors and reasons and the Directors' representations, on balance and in general terms, at this stage we are of the opinion that in such circumstances of the Group, the terms of the Proposed Revision are on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the forthcoming AGM to approve the Proposed Revision.

Yours faithfully,
For and on behalf of
WALLBANCK BROTHERS
Securities (Hong Kong) Limited
Phil Chan
Chief Executive Officer

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 or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, Supervisors or the 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 are required to be notified 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 have taken or were 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

As at the Latest Practicable Date, the following persons (other than the Directors, Supervisors and the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as follows:

Name of Shareholder	Class of Shares	Nature of Shares	Number of Shares	% of Class Issued Share Capital	% of Total Share Capital
Parent	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	19,533,000	35.58	9.90
MIH Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH Investments (PTY) Limited	H	Long	19,533,000	35.58	9.90
MIH Print Media Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH QQ (BVI) Limited	H	Long	19,533,000	35.58	9.90

Name of Shareholder	Class of Shares	Nature of Shares	Number of Shares	% of Class Issued Share Capital	% of Total Share Capital
Naspers Limited	H	Long	19,533,000	35.58	9.90
Beijing Beida Founder Group Corporation	H	Long	4,939,000	8.99	2.50
Beijing University	H	Long	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd.	H	Long	4,939,000	8.99	2.50
Beijing University New Technology Corporation	H	Long	4,939,000	8.99	2.50
CITICITI Ltd.	H	Long	4,939,000	8.99	2.50
Founder Investment (HK) Ltd.	H	Long	4,939,000	8.99	2.50
Yue Shan International Limited	H	Long	4,939,000	8.99	2.50
Xia Jie	H	Long	4,939,000	8.99	2.50
Cao Yawen	H	Long	4,939,000	8.99	2.50

Notes:

- Information disclosed above is based on the data published on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) unless otherwise stated in the notes below.
- 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; Mr. Xu Xun, being a Director, is also the general manager of Beijing Zhijin Science and Technology Investment Co., Ltd. Save as disclosed above, as at the Latest Practicable Date, there is no other Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

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 5% 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 were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.

5. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

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

As at the Latest Practicable Date, none of the Directors or 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 2014, being the date to which the latest published audited financial statements of the Group was made up or was proposed to be acquired or disposed of by or leased to any member of the Group; and none of the Directors, Supervisors nor their respective associates 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 as a whole.

7. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or 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 were aware of, none of the members of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatening by or against any member of the Group as at the Latest Practicable Date.

9. EXPERT'S QUALIFICATION AND CONSENT

WallBanck Brothers 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 WallBanck Brothers who has given its opinions or advices which are contained in this circular:

Name	Qualification
WallBanck Brothers	a licensed corporation to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO

10. EXPERT'S INTERESTS

As at the Latest Practicable Date, WallBanck Brothers did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group since 31 December 2014, being the date to which the latest audited financial statements of the Group were made up, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, and was not beneficially interested in the shares 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

According 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 the proposed resolutions at the AGM.

12. MISCELLANEOUS

- (a). The joint company secretaries of the Company are Mr. Shang Da and Mr. Yu Leung Fai.
- (b). The registered office of the Company is situated at Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC.
- (c). The H share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited which is situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at 7th Floor, Hong Kong Trade Centre, 161-167 Des Voeux Road Central, Hong Kong during normal business hours on any business days from the date of this circular up to and including 18 June 2015:

- (a). the Advertising Agency Framework Agreement;
- (b). the letter from the Independent Board Committee as set out on pages 15 to 16 of this circular;
- (c). the letter from Wallbanck Brothers as set out on pages 17 to 31 of this circular; and
- (d). the written consent from the expert referred to under the paragraph headed "Expert's Qualification and Consent" in this appendix.

SUPPLEMENTAL NOTICE OF 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 30 April 2015 (the “**Notice of AGM**”) which sets out the resolutions to be considered by shareholders at the 2014 annual general meeting (the “**AGM**”) of Beijing Media Corporation (the “**Company**”) to be held at 2:00 p.m. Friday, 19 June 2015 for 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, approve the following ordinary resolution in addition to the resolutions set out in the Notice of AGM.

As Ordinary Resolution

9. To consider and, if thought fit, to approve the revision of the 2015 annual cap for the continuing connected transactions contemplated under the advertising agency framework agreement in relation to Legal Evening Post Agency and its subsidiaries being authorised to act as the advertising agent of the Company and its subsidiaries.

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

Beijing, the PRC, 4 June 2015

As at the date of this notice, 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.

Notes:

1. A revised proxy form is enclosed with this notice. The form of proxy dispatched together with the Notice of AGM (the “**Original Proxy Form**”) is superseded by the revised proxy form.

SUPPLEMENTAL NOTICE OF AGM

2. Please refer to the Notice of AGM for details in respect of other resolutions to be considered and approved 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 Notice of AGM of the Company dated 30 April 2015 in respect of the timing and address for attending the AGM and other relevant matters.