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BEIJING MEDIA CORPORATION LIMITED

北青傳媒股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1000)

DISCLOSEABLE TRANSACTION CAPITAL INCREASE AGREEMENT AND SHAREHOLDERS AGREEMENT

The Board announces that on 23 December 2011:

- 1) BQTM, being the 51%-owned subsidiary of the Company, has entered into the Capital Increase Agreement with the Investor, the Original Shareholders and the Promoters, pursuant to which the Investor has agreed to make the capital contribution to BQTM in the amount of RMB150,000,000 in cash.

Upon completion of the Capital Increase, i) the registered capital of BQTM shall be RMB215,682,500 and the capital reserve thereof shall be RMB91,177,500; ii) BQTM shall be owned as to 37.09%, 33.45%, 27.27% and 2.18% by the Company, Trans-media, the Investor and the Individual Shareholder, respectively; and iii) BQTM will cease to be a subsidiary of the Company.

- 2) BQTM has also entered into the Shareholders Agreement with the Investor, the Original Shareholders and Promoters, which shall become effective upon the completion of the Capital Increase and shall govern the ongoing relationship including but not limited to, the right and obligations among the shareholders of BQTM.

The proposed capital contribution to be made by the Investor under the Capital Increase Agreement would result in a reduction in the percentage of the equity interest of the Company in BQTM, which would therefore be regarded as a deemed disposal on the part of the Company under Rule 14.29 of the Listing Rules. Given that the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the transactions under the Capital Increase Agreement is more than 5% but less than 25%, the transactions thereunder constitute the discloseable transaction of the Company under Chapter 14 of the Listing Rules.

BACKGROUND

As at the date of this announcement, BQTM, with the registered capital of RMB156,860,000, is owned as to 51%, 46% and 3% by the Company, Trans-media and the Individual Shareholder, respectively.

The Investor would like to participate the operation of BQTM and the future financing plan thereafter. As such, i) the Capital Increase Agreement has been entered into between BQTM, the Investor, the Original Shareholders and the Promoters, pursuant to which the Investor has agreed to make the capital contribution to BQTM in the amount of RMB150,000,000 in cash; and ii) to regulate the ongoing relationship including but not limited to, the right and obligations among the shareholders of the BQTM, the Shareholders Agreement has been entered into between BQTM, the Investor, the Original Shareholders and Promoters, and shall be effective upon the completion of the Capital Increase.

Upon completion of the Capital Increase, i) the registered capital of BQTM shall be RMB215,682,500 and the capital reserve thereof shall be RMB91,177,500; ii) BQTM shall be owned as to 37.09%, 33.45%, 27.27% and 2.18% by the Company, Trans-media, the Investor and the Individual Shareholder, respectively; and iii) BQTM will cease to be a subsidiary of the Company.

THE CAPITAL INCREASE AGREEMENT

Date : 23 December 2011

Parties : (i) BQTM;
(ii) the Investor;
(iii) the Original Shareholders; and
(iv) the Promoters;

Transaction : Pursuant to the Capital Increase Agreement, the Investor has agreed to make the capital contribution to BQTM in the amount of RMB150,000,000 in cash, among which RMB58,822,500 will be recognized as the registered capital, while the remaining RMB91,177,500 will be recognized as the capital reserve.

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

- Consideration and determination** : The total capital contribution in the amount of RMB150,000,000 shall be settled in cash by the Investor in the following manner:
- (i) RMB90,000,000 shall be settled on the First Payment Date;
 - (ii) RMB30,000,000 shall be settled prior to 29 February 2012; and
 - (iii) RMB30,000,000 shall be settled within 15 months from the First Payment Date.

The above consideration was determined by arm's length commercial negotiations between the parties, with reference to, among other things, (i) the appraised net assets value of BQTM in the amount of RMB400,957,700 as at the Valuation Date; (ii) the business prospects of BQTM.

The appraised net assets value of BQTM in the amount of RMB400,957,700 as at the Valuation Date was set out under the Valuation Report prepared by the Valuer, based on discounted cash flow method. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, such Valuer is a third party independent from the Group and its connected persons.

- Completion** : The completion of the Capital Increase Agreement will be on the date of filing of registration of changes to the relevant administrative authority for industry and commerce.

Upon completion of the Capital Increase, i) the registered capital of BQTM shall be RMB215,682,500 and the capital reserve thereof shall be RMB91,177,500; ii) BQTM shall be owned as to 37.09%, 33.45%, 27.27% and 2.18% by the Company, Trans-media, the Investor and the Individual Shareholder, respectively; and iii) BQTM will cease to be a subsidiary of the Company.

- Profit Distribution** : Upon completion of the Capital Increase Agreement, the new shareholders of BQTM, including the Investor, shall be entitled to the undistributed profit (if any) before completion of the Capital Increase Agreement on a pro rata basis.

Special Terms : To make sure the commitments, guarantees, responsibilities and obligations under the Capital Increase Agreement to be fully satisfied by Trans-media and the Promoters, Trans-media has entered into a share pledge agreement with the Promoters and the Investor to pledge all its equity interest in BQTM to the Investors within 15 days after the completion of the Capital Increase Agreement.

Conditions Precedent

The completion of the Capital Increase Agreement will be conditional upon the fulfillment of, among other matters, the following conditions precedent:

- 1) the due execution of the Capital Increase Agreement by the legal representative or authorized representative of each of the parties thereto;
- 2) obtaining of all necessary consents, permits or approvals from the relevant regulatory authorities (if any) in relation to the transactions contemplated under the Capital Increase Agreement;
- 3) obtaining of all necessary consents or waiver from the third parties (if any) in relation to the transactions contemplated under the Capital Increase Agreement, including but not limited to the opinions issued by the professional parties;
- 4) the approval of the Capital Increase Agreement by the internal decision making body of parties thereto; and
- 5) the approval of the Capital Increase Agreement by the Board and compliance with all the disclosure requirements under the Listing Rules.

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

Profit Forecast of BQTM

The appraised value of BQTM is based on the discounted cash flow method, and constitutes profit forecast under Rule 14.61 of the Listing Rules (the “Profit Forecast of BQTM”), and accordingly, the requirements under 14.60A and 14.62 of the Listing Rules are applicable.

The reporting accountants of the Company, ShineWing Certified Public Accountants Co., Ltd. (“ShineWing CPA”), has confirmed that they have reviewed the accounting policies and calculations for the Profit Forecast of BQTM on which the appraisal prepared by the Valuer is based. The Board has reviewed the principal assumptions upon which the Profit Forecast of BQTM is based and is of the view that the Profit Forecast of BQTM has been made after due care and enquiry.

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

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

1. There are no material changes to the current laws, regulations, policy or the macro-economic position of the state, or to the politics, economy or the social environment, and there are no other force majeure or other unforeseeable adverse effect.
2. The management of the appraised enterprise are responsible and will keep being capable of management.
3. The operating business of the appraised enterprise is legitimate, there are no material offence which may have adverse effect on the development and profitability of the appraised enterprise.
4. The accounting policies adopted by the company are identical to those adopted in the valuation report in the material aspects.
5. Based on current operation mode and level, the business scope, method and direction will keep identical.
6. There are no material changes to the interest rate, exchange rate, tax base, tax rate, policy charging fee and so on.

Expert and Consent

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

Name	Qualification
China Appraisal Associates	an independent professional valuer
ShineWing CPA	certified public accountants

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

To the best of the Director's knowledge, information and belief, each of China Appraisal Associates and ShineWing CPA is a third party independent of and not connected with the Company or the connected persons (as defined in the Listing Rules) of the Group.

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

THE SHAREHOLDERS AGREEMENT

Date : 23 December 2011

Parties : (i) BQTM;
(ii) the Investor;
(iii) the Original Shareholders; and
(iv) the Promoters;

Compensation Arrangement : The capital contribution to be made by the Investor under the Capital Increase Agreement is determined by reference to the appraised net asset value of BQTM, among which, the forecasted net profits of BQTM for the two years ending 31 December 2013 are RMB80,000,000 and RMB104,000,000, respectively.

Since the appraised net profit of BQTM is based on the discounted cash flow method, Trans-media has further undertaken to compensate the Investor in cash as the agreed proposal under the Shareholders Agreement, provided the actual net profit of BQTM for the year 2012 is less than 95% of the forecasted net profit for the same period or the actual net profit of BQTM for the year 2013 is less than 90% of the forecasted net profit for the same period, and the senior management shall enjoy the incentive bonus if each of the actual net profit for the two years ending 31 December 2013 of BQTM achieve or exceed each of the forecasted net profit for the corresponding years.

Right of capital contribution : The Investor is entitled to further make the capital contribution to BQTM in the amount of RMB50,000,000 in cash for a 5.71% equity interest in BQTM before the restructuring of BQTM but in any event no later than 30 June 2013 at the consideration based on RMB825,000,000, which is determined by the 1.5 times the estimated net assets value of BQTM as at the date of the completion of the Capital Increase in the amount of RMB550,000,000 which was agreed by parties thereto; the right of capital contribution will lapse once the investment has been made to BQTM under better terms and conditions offered by other investors before the Investor exercise such rights.

Lock-up period	:	Trans-media and the Promoter have agreed not to sell, gift, pledge, encumbrance, or otherwise dispose any of its direct or indirect equity interest in BQTM without the prior written consent of the Investor before BQTM is successfully listed.
Rights of First Refusal	:	If any shareholders of BQTM propose to sell or transfer any shares held by it, the Investor shall have the right to purchase the proposed selling or transferring shares.
Tag-along Right	:	If any shareholders of BQTM propose to sell or transfer any shares held by it to third parties, the Investor shall have the right to participate in such sale or transfer of shares of BQTM held by it on the same terms and conditions.
Anti-dilution provision	:	If BQTM initiate the new round capital increase proposal with the lower subscription unit price than the average subscription unit price of Investor, the Investor shall be entitled to be compensated by the Original Shareholders, excluding the Company, for the shortfall resulted from such capital increase.
Drag-along Right	:	If at any time, the shareholders (including the Investor) representing an aggregate of not less than two-thirds of the voting rights of BQTM agree to a sale, transfer or other disposal of all the shares of BQTM, the remaining shareholders shall consent to, raise no objection to and take all actions reasonably necessary to consummate such sale, transfer or disposal on the same terms and conditions.
Redemption Right	:	At any time following the earlier to occur of (i) BQTM fails to be listed in any stock exchange within 42 months after the date on which the consideration under the Capital Increase Agreement is fully settled by the Investor, or (ii) BQTM fails to renew the existing cooperation agreement with the relevant airport during the period agreed by the parties in relation to the operation of advertisements on the LED displays installed at Terminal 3 of the Beijing capital airport, which in turn adversely affect the operation of BQTM, and upon the request by the Investor, Trans-media shall have to redeem all or part of the equity interest in BQTM held by the Investor.
Liquidation preference	:	In the event of any liquidation, dissolution or winding up of BQTM, either voluntary or involuntary, the Investor and the Company shall be entitled to refund of, prior to any other shareholders of BQTM, their respective investment in BQTM

with the extra return in the interest rate of 15% per annum, in the remaining assets of BQTM after settlement all of its compulsory debts and liabilities in accordance with the PRC laws and regulations.

Share transfer	:	The Investor is entitled to freely transfer its equity interests in BQTM upon the completion of the Capital Increase Agreement.
Board composition	:	The board of directors of BQTM will consist of 5 directors, among which, three directors will be nominated by Trans-media, one director will be nominated by the Company and one director will be nominated by the Investor. The chairman of the board of directors of BQTM shall be a director nominated by Trans-media.
Composition of Senior Management	:	The senior management of BQTM shall consist of one general manager who will be nominated by Trans-media and other senior management officers will be appointed by the board of directors of BQTM.

SHAREHOLDING STRUCTURE OF BQTM

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

	Capital Contribution before completion of the Capital Increase (Registered Capital)	Equity Interest before completion of the Capital Increase	Capital Contribution after completion of the Capital Increase (Registered Capital)	Equity Interest after completion of the Capital Increase
Shareholders				
The Company	RMB80,000,000	51.00%	RMB80,000,000	37.09%
Trans-media	RMB72,154,200	46.00%	RMB72,154,200	33.45%
Individual shareholder	RMB4,705,800	3.00%	RMB4,705,800	2.18%
The Investor	—	—	RMB58,822,500	27.27%
Total	RMB156,860,000	100%	RMB215,682,500	100%

As at the date of this announcement, BQTM is owned as to 51%, 46% and 3% by the Company, Trans-media and the individual shareholder, respectively. Upon completion of the Capital Increase, BQTM will be owned as to 37.09%, 33.45%, 27.27% and 2.18% by the Company, Trans-media, the Investor and the Individual Shareholder, respectively. BQTM will therefore cease to be a subsidiary of the Company. The Company expects that the Capital Increase will have a positive effect on the earnings of the Group.

FINANCIAL INFORMATION OF BQTM

BQTM

As at the date of this announcement, the registered capital of BQTM is RMB156,860,000.

Under the PRC Accounting Standards, the audited net assets of BQTM was RMB186,516,972.25 as at 31 December 2010.

Under the PRC Accounting Standards, the audited profit (loss) before and after taxation and extraordinary items of BQTM for the year ended 31 December 2010 since its incorporation, were RMB6,267,220.51 and RMB4,673,272.78, respectively.

REASONS FOR THE CAPITAL INCREASE

The Company is of the view that the Capital Increase will (i) improve the working capital and the liquidity and accelerate the growth of BQTM; (ii) obtain the higher recognition of the capital market; and (iii) generate higher returns to the Group in future, should BQTM is listed on the stock exchange in future.

LISTING RULES IMPLICATIONS

The proposed capital contribution to be made by the Investor under the Capital Increase Agreement would result in a reduction in the percentage of the equity interest of the Company in BQTM, which would therefore be regarded as a deemed disposal on the part of the Company under Rule 14.29 of the Listing Rules. Given that the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) for the transactions under the Capital Increase Agreement is more than 5% but less than 25%, the transactions thereunder constitute the discloseable transaction of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, the Investor and its ultimate beneficial owner(s), are third parties independent of the Group and its connected persons (as defined in the Listing Rules).

The Company confirms that there is no other transaction entered into between the Company and the Investor and its ultimate beneficial owners, which should be, together with the Capital Increase Agreement, regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 of the Listing Rules.

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

GENERAL INFORMATION OF THE PARTIES

Company

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

BQTM

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

Trans-media

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

The Investor

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

DEFINITIONS

Board	the board of Directors
BQTM	Beiqing & Transmedia Corporation Limited (北青航媒廣告有限公司), a limited company incorporated under the laws of the PRC, a 51%-owned subsidiary of the Company as at the date of this announcement
Capital Increase	the proposed capital contribution to be made by the Investor in the amount of RMB150,000,000 under the Capital Increase Agreement
Capital Increase Agreement	the capital increase agreement entered into between BQTM, the Investor, the Original Shareholders and the Promoters dated 23 December 2011 in relation to the proposed capital contribution to be made by the Investor into BQTM
Company	Beijing Media Corporation Limited (北青傳媒股份有限公司), a joint stock limited company incorporated under the laws of the PRC and the H shares of which are listed and traded on the Stock Exchange

Directors	the directors of the Company
First Payment Date	the first payment date, which shall occur within four working days from the date of the satisfaction of all the conditions precedent under the Capital Increase Agreement
Group	the Company and its subsidiary
Individual Shareholder	the individual shareholder holding 3% equity interest in BQTM as at the date of this announcement
Investor	Tianjin Landetianyuan Equity Investment limited partnership (天津蘭德天元股權投資合夥企業(有限合夥)) and Tianjin Sikai Equity Investment limited partnership (天津斯凱股權投資合夥企業(有限合夥)), limited partnership formed under the laws of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
Original Shareholders	the Company, Trans-media and the Individual Shareholder
PRC	the People's Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
PRC Accounting Standards	the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC in 2006
Promoters	Yang Jie and Gu Yu, ultimate beneficial owners of Trans-media
RMB	Renminbi, the lawful currency of the PRC
Shareholders Agreement	the Shareholders Agreement entered into between the BQTM, the Investor, the Original Shareholders and the Promoters dated 23 December 2011 to govern the ongoing relationship including but not limited to, the right and obligations among the shareholders of BQTM
Stock Exchange	The Stock Exchange of Hong Kong Limited

Trans-media	Beijing Trans-media Co., Ltd (北京終端廣告傳媒有限公司), a limited company incorporated under the laws of the PRC
Valuer or China Appraisal Associates	China Appraisal Associates (北京中天華資產評估有限責任公司)
Valuation Date	30 September 2011
Valuation Report	the valuation report issued by valuer regarding the valuation of BQTM dated 9 December 2011

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

Beijing, PRC
23 December 2011

As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Zhang Yabin and Sun Wei, the non-executive directors of the Company, Li Shiheng, Wu Peihua, Liu Han, Xu Xun and Li Yigeng and the independent non-executive directors of the Company, Tsang Hing Lun, Wu Changqi and Liao Li.

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

APPENDIX I – REPORT FROM SHINEWING CPA ON THE PROFIT FORECAST OF BQTM

23 December 2011

Board of Directors
Beijing Media Corporation Limited
Building A, No. 23 Baijiazhuang Dongli
Chaoyang District, Beijing, PRC

Dear Sirs,

INDEPENDENT ASSURANCE REPORT ON PROFIT FORECAST INCLUDED IN THE VALUATION REPORT

We refer to the announcement of Beijing Media Corporation Limited (the “**Company**”) on 23 December, 2011 (the “**Announcement**”) in relation to the matter of capital increment and share expansion by the investors to Beiqing & Transmedia Co., Ltd. (the “**Target**”), which is the subsidiary company that 51% of the equity owned by the Company. Unless otherwise stated, the terms defined in the Announcement shall have the same meanings when used herein.

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of the underlying profit forecast of the Target (the “**Underlying Forecast**”) to the valuation report on 9 December 2011 prepared by China Appraisal Associates in respect of the assets of the Target as of 30 September 2011.

Responsibilities

The directors of the Company and the Target Company (the “**Directors**”) are solely responsible for the preparation of the Underlying Forecast including the assumptions, for the purpose of business valuation of the Target Company based on discounted cash flow method. The Underlying Forecast has been prepared using a set of assumptions (the “**Assumptions**”) that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the assumptions.

It is our responsibility to form an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under “Rule 14.62 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Summary of our work

We conducted our work in accordance with the China Standard on Other Assurance Service 3101 “Assurance Service Other Than Audits or Reviews of Historical Financial Information” issued by the Chinese Institute of Certified Public Accountant. We examined the consistency of accounting policies adopted and the arithmetical accuracy of the Underlying Forecast. Our work has been undertaken solely to assist the Directors in evaluating whether the Underlying Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Target Company.

Opinion

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

Yours faithfully,
ShineWing Certified Public Accountants Co., Ltd.
Certified Public Accountants

Beijing

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

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



BEIJING MEDIA CORPORATION LIMITED

北青傳媒股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1000)

23 December 2011

Dear Sir or Madam,

We refer to the announcement of the Company dated 23 December 2011 (the “**Announcement**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

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

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