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## **BEIJING MEDIA CORPORATION LIMITED**

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

**(Stock Code: 1000)**

### **ANNOUNCEMENT**

### **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Announcement dated 18 March 2011. Pursuant to the latest published figures of the asset value, revenue and profits as shown in the Announcement, as the value of BQTM's total assets, profits and revenue represents more than 10% under the relevant percentage ratios as defined under Rule 14.04(9) for the period since the incorporation of BQTM, the continuing connected transactions between the Group and Trans-media (who is the substantial shareholder of BQTM and a person only connected at the subsidiary level) no longer meet the requirement in Rule 14A.31(9), the Company is required to comply with all applicable reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(5).

On 9 August 2010, BQTM entered into the Advertising Services Agreements with Trans-media, pursuant to which Trans-media shall i) act as an advertising agent of BQTM to sell commercial advertisements on the LED displays installed at Terminal 3 of the Beijing capital international airport; and ii) provide certain supporting services to BQTM in relation to placement of the commercial advertisements on such LED displays, for a term commencing on 9 August 2010 to 8 August 2012.

On 12 April 2011, Beiqing Top entered into the Top Exclusive Advertising Services Agreement with Trans-media, pursuant to which Trans-media shall act as the exclusive advertising services provider of Beiqing Top to provide certain supporting services for commercial advertisements which are not self-operated by Beiqing Top on the CAAC Newspaper-Top Media.

Trans-media is the substantial shareholder of BQTM, and is therefore a connected person of the Company under the Listing Rules and the transactions contemplated under the Advertising Services Agreements and Top Exclusive Advertising Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the Listing Rules) in respect of the proposed annual caps for the transactions contemplated under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement exceed 5% and the proposed annual cap thereunder is more than HK\$10,000,000, therefore, the transactions contemplated under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement are subject to reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules.

A circular containing details of the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement, a letter from the independent board committee and the recommendation from the independent financial adviser on the terms of the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement, together with a supplemental AGM notice, will be dispatched to the Shareholders on or before 26 April 2011.

## **BACKGROUND**

Reference is made to the announcement (“**Announcement**”) of annual result for the year ended 31 December 2010 of the Company dated 18 March 2011. Pursuant to the latest published figures of the asset value, revenue and profits as shown in the Announcement, as the value of BQTM's total assets, profits and revenue represents more than 10% under the relevant percentage ratios as defined under Rule 14.04(9) for the period since the incorporation of BQTM, the continuing connected transactions between the Group and Trans-media (who is the substantial shareholder of BQTM and a person only connected at the subsidiary level) no longer meet the requirement in Rule 14A.31(9), the Company is required to comply with all applicable reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(5).

On 9 August 2010, BQTM entered into the Advertising Services Agreements with Trans-media, pursuant to which Trans-media shall i) act as an advertising agent of BQTM to sell commercial advertisements on the LED displays installed at Terminal 3 of the Beijing capital international airport; and ii) provide certain supporting services to BQTM in relation to placement of the commercial advertisements on such LED displays, for a term commencing on 9 August 2010 to 8 August 2012.

On 12 April 2011, Beiqing Top entered into the Top Exclusive Advertising Services Agreement with Trans-media, pursuant to which Trans-media shall act as the exclusive advertising services provider of Beiqing Top to provide certain supporting services for commercial advertisements which are not self-operated by Beiqing Top on the CAAC Newspaper-Top Media.

## **ADVERTISING SERVICES AGREEMENTS**

### **Date**

9 August 2010

### **Parties**

- (i) BQTM;
- (ii) Trans-media

### **Continuing transactions**

Pursuant to the Advertising Services Agreements, Trans-media has agreed to i) act as an advertising agent of BQTM to sell commercial advertisements on the LED displays installed at Terminal 3 of the Beijing capital international airport (“**Advertising Agent**”); and ii) provide certain supporting services to BQTM in relation to the commercial advertisements on such LED displays (“**Advertising Services**”).

Under the business model of the Advertising Agent, Trans-media has acted or shall act as an advertising agent of BQTM to purchase the time slots of the advertisements on the LED displays from BQTM and resell to its end customers at the specific preferential price based on the advertising list price in accordance with the sales agency policy of BQTM. Trans-media will be responsible for the sales and production of all the advertisements on the LED displays.

Under the business model of the Advertising Services, Trans-media has provided or shall provide supporting services to BQTM, including advertising placement and client marketing services for its commercial advertisements on the LED displays.

Trans-media has also undertaken that the annual advertising fee for advertisement placement on the LED displays by advertisers introduced by Trans-media will reach certain amount agreed by BQTM and Trans-media. If the fee of the advertisements to be placed on the LED displays by the advertisers has exceeded certain amount, Trans-media shall have the right to place advertisements on the LED displays with no charge on the certain time slots which have not been sold by BQTM according to the sales agency policy of BQTM.

Trans-media has been agreed to resell the time slot of advertisements at a price less than the specific preferential price to which Trans-media entitled with the prior approval of BQTM.

### **Consideration**

The considerations for the transactions under the Advertising Services Agreements was determined after arm’s-length negotiations between the BQTM and Trans-media by reference to the market practice in the advertising industry and the new-media characteristic of the LED displays.

Under the business model of the Advertising Agent, Trans-media shall pay the advertising fee for the scheduled time slot to BQTM according to normal commercial terms which are similar to those available to BQTM from independent third parties. The said advertising fee shall be determined from time to time by BQTM and Trans-media according to unit price, actual placement quantity of advertisement, size of advertisement and time slot of advertisement under the terms of the Advertising Services Agreements and its implementation agreements. Trans-media will settle the corresponding advertising fee to BQTM within 3 working days after all or partial of the advertising fee is settled by the corresponding advertisers to Trans-media.

Under the business model of the Advertising Services, BQTM shall pay the corresponding advertising service fee to Trans-media according to normal commercial terms which are similar to those available to independent third parties from BQTM and according to the current sales agency policy of BQTM. BQTM will settle the corresponding service fee with Trans-media within 3 working days after all or partial of the advertising fee is settled by the corresponding advertisers to BQTM.

### **Term and termination**

The Advertising Service Agreement is for a term commencing on 9 August 2010 and ending on 8 August 2012.

### **Implementation Agreements**

BQTM and Trans-media 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 Advertising Services Agreements during its term. Each implementation agreement will set out the detailed services, the specifications, quantities, prices and other relevant terms.

As the implementation agreements provide for the supply of services as contemplated under the Advertising Services Agreements, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the Advertising Services Agreements and the relevant annual caps, and if exceeded, the Company will comply with the relevant Listing Rules accordingly.

## Annual caps

### *Actual Transaction Value*

Since it is approximately five months period that BQTM has cooperated with Trans-media under the Advertising Services Agreements, the actual transaction value under the Advertising Services Agreements for approximately five months ended 31 December 2010 are set out below:

**Approximately five months  
ended on  
31 December 2010  
(RMB)**

Advertising fee settled by Trans-media to BQTM under the business model of the Advertising Agent	56,896,886
Services fee settled by BQTM to Trans-media under the business model of the Advertising Services	—

### *Proposed Annual Cap*

Each of the proposed annual caps in respect of the transactions contemplated under the Advertising Services Agreements for the year ending 31 December 2011 and the period from 1 January 2012 to 8 August 2012, are set out below:

	<b>Year ending 31 December 2011 (RMB)</b>	<b>Period from 1 January 2012 to 8 August 2012 (RMB)</b>
Advertising fee settled by Trans-media to BQTM under the business model of the Advertising Agent	150,000,000	96,250,000
Services fee settled by BQTM to Trans-media under the business model of the Advertising Services	20,000,000	12,833,000

In arriving at the proposed annual caps in respect of transactions contemplated under the Advertising Services Agreements, the Company has taken into account (i) the historical actual transaction value under the Advertising Services Agreements for the approximately five months ended on 31 December 2010; (ii) the estimated development of the LED displays advertising business; (iii) a reasonable profit margin and (iv) the market practice and current market conditions.

## **REASONS FOR ENTERING INTO THE ADVERTISING SERVICES AGREEMENTS**

The Group has maintained a steady cooperation relationship with Trans-media since 2007 and Trans-media has the rich experience for new media promotion and wide client base with its comprehensive services of advertising agency, market developing, public consulting and client maintaining.

The Company is of the view that the transactions contemplated under the Advertising Services Agreements will (i) facilitate the operation of the LED displays advertising business and growth of the Company; and (ii) reduce unnecessary risks which might incur during the course of operation.

## **TOP EXCLUSIVE ADVERTISING SERVICES AGREEMENT**

### **Date**

12 April 2011

### **Parties**

- (i) Beiqing Top;
- (ii) Trans-media

### **Continuing transactions**

Pursuant to the Top Exclusive Advertising Services Agreement, Trans-media shall act as the exclusive advertising services provider of Beiqing Top to provide certain supporting services, including advertising placement and client marketing services for commercial advertisements which are not self-operated by Beiqing Top on the CAAC Newspaper-Top Media.

### **Consideration**

The considerations for the transactions under the Top Exclusive Advertising Services Agreement was determined after arm's-length negotiations between Beiqing Top and Trans-media by reference to the market practice in the advertising industry.

Beiqing Top shall pay the advertising service fee to Trans-media according to normal commercial terms which are similar to those available to independent third parties from Beiqing Top and according to the current sales agency policy of Beiqing Top. Beiqing Top will settle the corresponding advertising service fee to Trans-media within 3 working days after all or partial of the advertising fee is settled by the corresponding advertisers to Beiqing Top.

## **Term and termination**

The Top Exclusive Advertising Services Agreement is for a term commencing on 12 April 2011 and ending on 31 December 2013. Upon expiry, the Top Exclusive Advertising Services Agreement will be renewed automatically for one year upon mutual agreement between parties thereto, subject to compliance with the relevant requirements under the Listing Rules.

## **Implementation Agreements**

Beiqing Top and Trans-media will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the Top Exclusive Advertising Services Agreement during its term. Each implementation agreement will set out the detailed services, the specifications, quantities, prices and other relevant terms.

As the implementation agreements provide for the supply of services as contemplated under the Top Exclusive Advertising Services Agreement, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the Top Exclusive Advertising Services Agreement and the relevant annual caps, and if exceeded, the Company will comply with the relevant Listing Rules accordingly.

## **Annual caps**

### ***Proposed Annual Cap***

The proposed annual caps in respect of provision of advertising services to Beiqing Top by Trans-media contemplated under the Top Exclusive Advertising Services Agreement for the three years ending 31 December 2013 are set out below:

	<b>Year ending 31 December</b>		
	<b>2011</b> (RMB)	<b>2012</b> (RMB)	<b>2013</b> (RMB)
Provision of advertising services by Trans-media	24,000,000	32,000,000	48,000,000

In arriving at the proposed annual caps in respect of transactions contemplated under the Top Exclusive Advertising Services Agreement, the Company has taken into account (i) the current publication amount of CAAC Newspaper-Top Media; (ii) the estimated development of the advertising business on CAAC Newspaper-Top Media; (iii) a reasonable profit margin and (iv) the market practice and current market conditions.



## **REASONS FOR ENTERING INTO THE TOP EXCLUSIVE ADVERTISING SERVICES AGREEMENT**

The Group has maintained a steady cooperation relationship with Trans-media since 2007 and Trans-media has the rich experience for advertising promotion and wide client base with its comprehensive services of advertising agency, market developing, public consulting and client maintaining.

The Company is of the view that the transactions contemplated under the Top Exclusive Advertising Services Agreement will (i) facilitate the operation of the advertising business on CAAC Newspaper-Top Media and growth of the Company; and (ii) reduce unnecessary risks which might incur during the course of operation.

## **LISTING RULES IMPLICATIONS**

Pursuant to the latest published figures of the asset value, revenue and profits as shown in the Announcement, as the value of BQTM's total assets, profits and revenue represents more than 10% under the relevant percentage ratios as defined under Rule 14.04(9) for the period since the incorporation of BQTM, the continuing connected transactions between the Group and Trans-media (who is the substantial shareholder of BQTM and a person only connected at the subsidiary level) no longer meet the requirement in Rule 14A.31(9), the Company is required to comply with all applicable reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(5).

Given that the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement were both entered into between the subsidiaries of the Company and Trans-media within a 12-month period, the transactions contemplated under the Advertising Services Agreements should be aggregated with the transactions contemplated under the Top Exclusive Advertising Services Agreement pursuant to 14A.27 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the Listing Rules) in respect of the aggregated proposed annual caps for the transactions contemplated under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement exceed 5% and the proposed annual cap thereunder is more than HK\$10,000,000. Therefore, the transactions contemplated under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement are subject to reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules.

The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the independent financial adviser) are of the view that the terms of the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement (i) have been negotiated on an arm's length basis; (ii) have been or will be conducted on normal commercial terms, or on terms no less favourable than those available to or from independent third parties under prevailing local market conditions; (iii) are entered into in the ordinary and usual course of business of the Group; (iv) are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (v) that the proposal annual cap in respect of the transactions under the Advertising Services Agreements and



the Top Exclusive Advertising Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company confirms that there is not any Director has a material interest in the transactions under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, there is no other connected transaction entered into between any member of the Group and Trans-media and its ultimate beneficial owner(s) or otherwise related, which would be aggregated with the transactions contemplated under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement under Rule 14A.27 of the Listing Rules.

A circular containing details of the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement, a letter from the independent board committee and the recommendation from the independent financial adviser on the terms of the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement, together with a supplemental AGM notice, will be dispatched to the Shareholders on or before 26 April 2011.

## **GENERAL INFORMATION**

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

BQTM is a limited liability company incorporated in the PRC which is mainly engaged in the provision of LED displays advertising services and is a 51%-owned subsidiary of the Company.

Beiqing Top is a limited liability company incorporated in the PRC which is mainly engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning and a subsidiary of the Company.

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

## **DEFINITIONS**

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

“Advertising Services Agreements”	the advertising services agreements and any supplemental agreement entered into between BQTM and Trans-media on 9 August 2010
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“AGM”	the annual general meeting of the Company to be convened, among other things, for the independent shareholders to consider and, if thought fit, to approve the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement
“Announcement”	has the meaning ascribed thereto under the section headed “Background” in this announcement
“Beiqing Top”	Beijing Beiqing Top Advertising Co., Ltd. (北京北青鼎力傳媒廣告有限公司), a limited liability company incorporated under the laws of the PRC on 6 November 2007 and a subsidiary of the Company
“BQTM”	Beiqing Transmedia Co., Ltd. (北青航媒廣告有限公司), a limited liability company incorporated under the laws of the PRC on 9 August 2010 and a subsidiary of the Company
“Board”	the board of Directors
“CAAC Newspaper-Top Media”	Civil Aviation Administration of China Newspaper-Top Media (《中國民航報Top時空》) operated by Beiqing Top
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Top Exclusive Advertising  
Services Agreement”

the exclusive advertising services agreements dated 12 April 2011 entered into between Beijing Top and Trans-media

“Trans-media”

Beijing Trans-media Co., Ltd. (北京終端廣告傳媒有限責任公司), a limited liability company incorporated under the laws of the PRC on 28 January 2006

On behalf of the Board  
**Beijing Media Corporation Limited**  
**Zhang Yanping**  
*Chairman*

Beijing, 12 April 2011

*As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Zhang Yabin, Sun Wei, the non-executive directors of the Company, Liu Han, Xu Xun, Li Yigeng, Li Shiheng and Wu Peihua 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](http://www.bjmedia.com.cn).*