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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)

ANNOUNCEMENT RATIFICATION OF PREVIOUS CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS

I. INTRODUCTION

During the period between September 2018 and March 2019, the Group provided thirteen borrowings to the Parent Group with a total borrowing of RMB333,200,000.00. Prior approvals of the Board and independent Shareholders (if applicable) have not been obtained for such borrowings. As at the date of this announcement, the outstanding principal owed by the Parent Group is RMB113,200,000.00, and all accrued interest are unpaid.

During the period between January 2018 and March 2019, the Group provided seven borrowings to Beiqing Top Advertising with a total borrowing of RMB220,000,000.00. Prior approvals of the Board and Shareholders (if applicable) have not been obtained for such borrowings. As at the date of this announcement, the outstanding principal owed by Beiqing Top Advertising is RMB65,000,000.00, and all accrued interest are unpaid.

In view of the above facts, the Board hereby announces that the Company have signed borrowing ratification agreements with the Parent and Beiqing Top Advertising, respectively on 22 April 2019, pursuant to which the Board has approved and ratified the Parent Group Borrowings and the Beiqing Top Advertising Borrowings.

II. PARENT GROUP BORROWINGS RATIFICATION AGREEMENT

1. Date

22 April 2019

2. Parties

(i) the Company;

(ii) the Parent

3. Background

During the period between September 2018 and March 2019, the Group provided a total of thirteen borrowings amounting to RMB333,200,000.00 to the Parent Group. As at the date of this announcement, the total outstanding amount is RMB113,200,000.00, and all accrued interest are unpaid. Details of the borrowings and repayments are shown in the following table.

Serial number	Lender (all are members of the Group)	Borrower (all are members of the Parent Group)	Amount of borrowing (RMB)	Date of lending	Maturity	Date of repayment	Principal repaid (RMB)	Outstanding principal (RMB)	Annual interest rate
1	BYD Logistics Company Limited	Beijing Education Media Co. Limited	50,000,000.00	17 September 2018	17 March 2019	29 December 2018	40,000,000.00	–	4.35%
						30 December 2018	4,800,000.00		
						15 March 2019	5,200,000.00		
2	Beijing Qingyou Information Technology Co., Ltd.	Beijing China Open Promotion Co., Ltd.	27,000,000.00	18 September 2018	21 September 2018	21 September 2018	27,000,000.00	–	Lending rate of same period
3	Beijing Network Culture Communication Co., Ltd.	Beijing Youth Daily Agency	40,000,000.00	26 September 2018	25 October 2018	25 October 2018	40,000,000.00	–	
4	Beijing Qingyou Information Technology Co., Ltd.	Beijing Youth Daily Agency	20,000,000.00	26 September 2018	25 October 2018	25 October 2018	20,000,000.00	–	
5	BYD Logistics Company Limited	Beijing Youth Daily Agency	30,000,000.00	17 October 2018	17 November 2018	26 October 2018	10,000,000.00	–	4.35%
						5 November 2018	20,000,000.00	–	4.35%
6	BYD Logistics Company Limited	Beijing Youth Daily Agency	30,000,000.00	20 December 2018	31 December 2018	24 December 2018	30,000,000.00	–	4.35%
7	Beijing Community Culture Media (Beijing) Limited	Beijing Youth Travel Service Co., Ltd.	18,000,000.00	21 January 2019				18,000,000.00	
8	BYD Logistics Company Limited	Beijing Education Media Co. Limited	50,000,000.00	21 February 2019	20 August 2019	25 February 2019	23,000,000.00	27,000,000.00	4.35%

Serial number	Lender (all are members of the Group)	Borrower (all are members of the Parent Group)	Amount of borrowing (RMB)	Date of lending	Maturity	Date of repayment	Principal repaid (RMB)	Outstanding principal (RMB)	Annual interest rate
9	BYD Logistics Company Limited	Beijing Education Media Co. Limited	10,000,000.00	4 March 2019	3 September 2019			10,000,000.00	4.35%
10	BYD Logistics Company Limited	Beijing Education Media Co. Limited	30,000,000.00	8 March 2019	7 March 2020			30,000,000.00	4.35%
11	BYD Logistics Company Limited	Beijing Education Media Co. Limited	20,000,000.00	12 March 2019	11 March 2020			20,000,000.00	4.35%
12	BYD Logistics Company Limited	Beijing Education Media Co. Limited	3,000,000.00	15 March 2019	14 March 2020			3,000,000.00	4.35%
13	BYD Logistics Company Limited	Beijing Beijing Culture and Arts Company	5,200,000.00	15 March 2019	14 March 2020			5,200,000.00	4.35%
		Total borrowing	333,200,000.00				220,000,000.00	113,200,000.00	

Among which, written borrowing agreement has not been signed for borrowings No. 3, 4 and 7 and written borrowing agreements have been signed for the remaining ten borrowings.

4. Repayment arrangement and security for repayment

The Company and the Parent have made the following ratification for the borrowings of the Parent Group and reached the following repayment arrangement:

- (1) The Company and the Parent confirmed the relevant facts of all borrowings as indicated in the above table.
- (2) Notwithstanding whether there are any specific borrowing agreements between the Parent Group and the Group and no matter what are agreed in such agreements, the Company and the Parent renewed their agreement in respect of all interest rates and maturity of the borrowings as follows:
 - (i) A fixed interest rate of 4.75% per annum will be applied to all borrowings. For borrowing repaid, the accrued interest shall be calculated on the principal repaid for the period from the date of lending to the date of repayment; and for the outstanding borrowings, the accrued interest shall be calculated on the outstanding principal for the period from the date of lending to 30 June 2019.
 - (ii) The Parent Group should repay all outstanding principal and accrued interest of the borrowings to the Group by 30 June 2019. Borrowings not yet due shall be repaid early by 30 June 2019 with all principal and accrued interest calculated from date of lending to 30 June 2019.

- (3) If the Parent Group does not repay all outstanding principal and accrued interest of the borrowings to the Group as of 30 June 2019, the Parent Group shall pay default interest to the Group at 0.02% per day calculated on the outstanding principal and accrued interest until the date of repayment of all principal and accrued interest of the borrowings. The Parent Group shall pay all accrued default interest on the date to the Group when all principal and accrued interest are completely repaid.
- (4) The sources of funds for repayment are operating revenue which mainly includes copyright revenue, fiscal subsidies and loans.
- (5) The Parent owns first floor (area of 754.57 square meters), second floor (area of 805.91 square meters), third floor (area of 834.5 square meters), 4th, 9th, 10th, 12th, 13th, 14th, 15th, 16th, 17th and 18th floor (with area of each floor 829.53 square meters), 20th floor (area of 836.12 square meters) and 21st and 22nd floor (area of each floor 813.45 square meters) of the Beijing Youth Daily Agency Building amounting to 13,153.3 square meters of properties. The Parent agreed to pledge the operating rights of such properties to the Company for five years as security for the repayment. According to the appraisal report issued by Beijing Luguang Asset Appraisal Co., Ltd. on 12 April 2019, the value of the security for repayment provided by the Parent is approximately RMB30 million per year.
- (6) In the event that the Parent Group does not repay all outstanding principal and accrued interest of the borrowings to the Group as at 30 June 2019, the Company is entitled to sell the aforesaid repayment security provided by the Parent by auction. The Parent shall actively cooperate with the Company in the auction of the repayment security provided by the Parent. All expenses incurred in the auction shall be borne by the Parent. In case the proceeds of auction exceed the amount of all remaining outstanding principal, accrued interest and default interest payable by the Parent Group, the Company should return the surplus to the Parent within 15 working days after the auction. If such proceeds is insufficient for the settlement of all remaining outstanding principal, accrued interest and default interest payable by the Parent Group, the Parent shall pay the shortfall to the Company within 15 working days after the auction to settle all remaining outstanding principal, accrued interest and default interest. If during the performance of the Parent Group Borrowings Ratification Agreement, the repayment security provided by the Parent cannot fulfill the requirement of security of the Company, the Company is entitled to demand the Parent to provide supplemental security or to provide security otherwise.

III. BEIQING TOP ADVERTISING BORROWINGS RATIFICATION AGREEMENT

1. Date

22 April 2019

2. Parties

(i) the Company;

(ii) Beiqing Top Advertising

3. Background

During the period between January 2018 and March 2019, the Group had provided a total of seven borrowings amounting to RMB220,000,000.00 to Beiqing Top Advertising. As at the date of this announcement, the total outstanding amount is RMB65,000,000.00, and all accrued interest are unpaid. Details of the borrowings and repayments are shown in the following table.

Serial number	Lender (all are members of the Group)	Borrower	Amount of borrowing (RMB)	Date of lending	Maturity	Date of repayment	Principal repaid (RMB)	Outstanding principal (RMB)	Annual interest rate
1.	BYD Logistics Company Limited	Beijing Beiqing Top Advertising Limited	25,000,000.00	23 January 2018	23 July 2018	26 June 2018	20,000,000.00	5,000,000.00	4.35%
2.	BYD Logistics Company Limited	Beijing Beiqing Top Advertising Limited	10,000,000.00	25 January 2018	25 January 2019	18 April 2018	10,000,000.00	–	4.35%
3.	BYD Logistics Company Limited	Beijing Beiqing Top Advertising Limited	30,000,000.00	13 April 2018	17 April 2018	16 April 2018	30,000,000.00	–	
4.	BYD Logistics Company Limited	Beijing Beiqing Top Advertising Limited	60,000,000.00	5 June 2018	5 June 2019			60,000,000.00	4.35%
5.	BYD Logistics Company Limited	Beijing Beiqing Top Advertising Limited	20,000,000.00	3 January 2019	3 July 2019	12 March 2019	20,000,000.00	–	4.35%
6.	BYD Logistics Company Limited	Beijing Beiqing Top Advertising Limited	50,000,000.00	29 March 2019	28 March 2020	12 April 2019	50,000,000.00	–	4.35%
7.	Beijing Community Culture Media (Beijing) Limited	Beijing Beiqing Top Advertising Limited	25,000,000.00	25 March 2019		29 March 2019	25,000,000.00	–	
		Total borrowings	220,000,000.00				155,000,000.00	65,000,000.00	

Among which, written borrowing agreement has not been signed for borrowings No. 3 and 7 and written borrowing agreements have been signed for the remaining five borrowings.

4. Repayment arrangement and security for repayment

The Company and Beiqing Top Advertising have made the following ratification for the borrowings of the Parent Group and reached the following repayment arrangement:

- (1) The Company and Beiqing Top Advertising confirmed the relevant facts of all borrowings as indicated in the above table.
- (2) Notwithstanding whether there are any specific borrowing agreements between Beiqing Top Advertising and the Group and no matter what are agreed in such agreements, the Company and Beiqing Top Advertising renewed their agreement in respect of all interest rates and maturity of the borrowings as follows:
 - (i) A fixed interest rate of 4.75% per annum will be applied to all borrowings. For borrowing repaid, the accrued interest shall be calculated on the principal repaid for the period from the date of lending to the date of repayment; and for the outstanding borrowings, the accrued interest shall be calculated on the outstanding principal for the period from the date of lending to 30 June 2019.
 - (ii) Beiqing Top Advertising should repay all outstanding principal and accrued interest of the borrowings to the Group by 30 June 2019. Borrowings not yet due shall be repaid early by 30 June 2019 with all principal and accrued interest calculated from date of lending to 30 June 2019.
- (3) If Beiqing Top Advertising does not repay all outstanding principal and accrued interest of the borrowings as of 30 June 2019, Beiqing Top Advertising shall pay default interest to the Group at 0.03% per day calculated on the outstanding principal and accrued interest until the date of repayment of all principal and accrued interest of the borrowings. Beiqing Top Advertising shall pay all accrued default interest to the Group on the date when all principal and accrued interest are completely repaid.

IV. LISTING RULES IMPLICATIONS

1. Parent Group Borrowings

As the Parent is the controlling shareholder of the Company, the Parent and its subsidiaries are therefore connected persons of the Company under the Listing Rules. Therefore, the Parent Group Borrowings constitute 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 14.04(9) of the Listing Rules) of the Parent Group Borrowings exceed 25%, the Parent Group Borrowings constitute non-exempt connected transactions and major transactions under the Listing Rules and are subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules. In addition, as the total amount of the Parent Group Borrowings exceeds 8% of the Group's assets, the Company should comply with the disclosure requirements under Rule 13.13 of the Listing Rules.

Mr. Ji Chuanpai, Mr. Li Xiaobing, Ms. Yang Wenjian, Mr. Peng Liang, Ms. Zang Furong and Mr. Wu Bin, also being the directors or senior management of the Parent, are deemed to have material interests in the ratification of the Parent Group Borrowings and have abstained from voting on the relevant Board resolutions. Other than those Directors mentioned above, none of the other Directors has or is deemed to have a material interest in the ratification of the Parent Group Borrowings.

Given that the Parent Group Borrowings have already occurred and the Board has ratified them, the Parent has signed Parent Group Borrowings Ratification Agreement with the Company and undertakes to settle the outstanding borrowings and accrued interest timely according to the repayment arrangements therein and provide repayment security, and in order to accelerate the implementation of such repayment arrangements according to the valid ratification agreement, the Company will not send a circular to the Shareholders or convene a general meeting for the consideration and approval of the ratification of the Parent Group Borrowings.

2. Beiqing Top Advertising Borrowings

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) of the Beiqing Top Advertising Borrowings exceed 25%, the Beiqing Top Advertising Borrowings constitute major transactions under the Listing Rules and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. In addition, as the total amount of the Beiqing Top Advertising Borrowings exceeds 8% of the Group's assets, the Company should comply with the disclosure requirements under Rule 13.13 of the Listing Rules.

None of the Directors is or is deemed to have a material interest in ratification of Beiqing Top Advertising Borrowings.

The Company has received confirmation from the controlling shareholder of the Company that it has approved, confirmed and ratified the relevant matters in relation to Beiqing Top Advertising Borrowings. In addition, the controlling shareholder of the Company has informed the Board, if it is required to vote on the approval of the Beiqing Top Advertising Borrowings at the general meeting, it will vote in favor of the relevant matters of Beiqing Top Advertising Borrowings. Accordingly, the Company will not send a circular to the Shareholders or convene a general meeting for the consideration and approval of the ratification of the Beiqing Top Advertising Borrowings.

V. REASONS AND BENEFITS OF THE TRANSACTION

The Parent Group Borrowings and the Beiqing Top Advertising Borrowings are borrowings provided by the Group using its own fund to the Parent Group and Beiqing Top Advertising respectively according to the Group's own credit policy, which can appropriately increase the efficiency of the use of some idle funds. It is expected that the relevant interest income will bring stable income and cash flows to the Group which will further increase the overall revenue of the Group.

The Directors (including the independent non-executive Directors) consider that the Parent Group Borrowings Ratification Agreement and the Beiqing Top Advertising Borrowings Ratification Agreement, based on the Parent Group Borrowings and Beiqing Top Advertising Borrowings, clarify the borrowing period, repayment arrangement, interest, default interest, and repayment guarantee (if applicable) etc. of the borrowings, and the new borrowing rate is slightly higher than the current market interest rate. Accordingly, the Parent Group Borrowings Ratification Agreement and the Beiqing Top Advertising Borrowings Ratification Agreement are entered into on normal commercial terms and the terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

VI. REMEDIES ADOPTED BY THE COMPANY

The Company deeply regrets the failure to comply with the Listing Rules, but the Company wishes to emphasize that the Company does not intend to conceal any information relating to the Parent Group Borrowings or Beiqing Top Advertising Borrowings.

Following the identification of the Parent Group Borrowings and the Beiqing Top Advertising Borrowings, the Company has commenced a comprehensive review of the internal control and corporate governance procedures to ensure compliance with the relevant requirements for major transactions and connected transactions. The Company has adopted and will adopt a series of possible measures to improve the internal control and corporate governance procedures of the Group and ensure that the Group strictly abides by the requirements of the Listing Rules in its daily operation and management process, such as:

1. Appoint Crowe (HK) Risk Advisory Limited as professional internal control consultant to conduct a comprehensive review on the risk management and internal control system of the Group, issue a written internal review report, and assist the management to establish the risk evaluation and the internal audit plan for the following three years, and seek advice for optimization and improvement, with a view to further strengthening the risk management and internal governance of the Group. The Company will separately announce the results of the internal control review, the recommendations of the internal control consultants and the measures that the Company will take accordingly;

2. The business and financial departments at the subsidiary level shall promptly report to the Company any proposed transactions or events involving significant financial advances of the Group. Unless such transactions or events have been approved by the management of the Company in accordance with the internal approval procedures of the Company, such transactions cannot proceed;
3. The Company will arrange relevant training courses related to the Listing Rules and corporate governance to all Directors and management in a timely manner;
4. As a preventive monitoring measure, the Company will issue a letter to the general manager, deputy general manager and financial controller of each member company of the Group on a regular basis to remind them the need to consult with the Company's financial controller and company secretary any discloseable transaction, major transaction, connected transaction and/or other transaction that triggers disclosure obligation under the Listing Rules;
5. The relevant legal, financial and auditing departments of the Company will work more closely together in the future to supervise and monitor the Group's continued compliance with the Listing Rules in real time;
6. If the Company deems it necessary, the Company will seek professional advice from its compliance adviser, external legal counsel or other to ensure the compliance with any proposed transactions or events in the future.

VII. GENERAL INFORMATION OF 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.

The Parent

The Parent is a state-owned enterprise and ultimately controlled by the Beijing Municipal Government. The Parent's main business includes 12 newspapers, two magazines and four online media businesses. The Parent is the controlling shareholder of the Company.

Beiqing Top Advertising

Beiqing Top Advertising is a limited liability company incorporated in the PRC. Its main business is design, production, agency, advertisement distribution, information consultation and corporate marketing planning. Beiqing Top Advertising was originally a subsidiary of the Company. Due to the capital increase by other shareholders, the shareholding ratio of the Company has decreased from 86.67% to 41.6%, Beiqing Top Advertising began to record as the Company's associate since 31 December 2010.

VIII. DEFINITIONS

“Beiqing Top Advertising”	Beijing Beiqing Top Advertising Limited
“Beiqing Top Advertising Borrowings”	Without prior approvals of the Board and Shareholders (if applicable), certain members of the Group provided seven borrowings to Beiqing Top Advertising with a total borrowing of RMB220,000,000.00 during the period between January 2018 and March 2019
“Beiqing Top Advertising Borrowings Ratification Agreement”	the agreement entered into between the Company and Beiqing Top Advertising on 22 April 2019, pursuant to which the Company and Beiqing Top Advertising agreed to ratify the Beiqing Top Advertising Borrowings
“Board”	the board of Directors
“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 Stock Exchange
“Director(s)”	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
“Parent”	Beijing Youth Daily Agency (北京青年報社)
“Parent Group”	the Parent and its subsidiaries (excluding the Group)

“Parent Group Borrowings”	Without prior approvals of the Board and independent Shareholders (if applicable), certain members of the Group provided thirteen borrowings to the Parent and its certain subsidiaries with a total borrowing of RMB333,200,000.00 during the period between September 2018 and March 2019
“Parent Group Borrowings Ratification Agreement”	the agreement entered into between the Company and the Parent on 22 April 2019, pursuant to which the Company and the Parent agreed to ratify the Parent Group Borrowings
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Beijing Media Corporation Limited
Ji Chuanpai
Chairman of the Board

Beijing, the PRC
22 April 2019

As at the date of this announcement, the Board comprises: the executive directors of the Company, Ji Chuanpai, Li Xiaobing, Yang Wenjian, Peng Liang and Shang Da; the non-executive directors of the Company, Zang Furong, Wu Bin, Liu Hong and Sun Fang; and the independent non-executive directors of the Company, Wu Tak Lung, Cui Enqing, Chen Ji, Wu Changqi and Chow Bing Chuen.

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