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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 DEEMED DISPOSAL OF EQUITY INTEREST IN BEIQING COMMUNITY MEDIA

On 24 August 2017, the Company and Chongqing Huilin entered into Capital Increase Agreements with Beiqing Community Media, pursuant to which, the Company agreed to inject RMB20 million in cash and Chongqing Huilin agreed to inject RMB40 million in cash to Beiqing Community Media.

Upon completion of the Capital Increase, the Company's equity interest in Beiqing Community Media will be diluted from 54.37% to 52.661%, which constitutes a deemed disposal under Rule 14.29 of the Listing Rules. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the deemed disposal contemplated under the Capital Increase Agreements exceed 5% but are less than 25%, therefore the transaction contemplated thereunder constitutes a discloseable transaction of the Company, which is subject to the announcement requirement but exempt from shareholders' approval requirement under the Listing Rules.

I. INTRODUCTION

On 24 August 2017, the Company and Chongqing Huilin entered into Capital Increase Agreements with Beiqing Community Media, pursuant to which, the Company agreed to inject RMB20 million in cash and Chongqing Huilin agreed to inject RMB40 million in cash to Beiqing Community Media.

Upon completion of the Capital Increase, the Company's equity interest in Beiqing Community Media will be diluted from 54.37% to 52.661%, and Beiqing Community Media will remain to be a subsidiary of the Company and included as a subsidiary in the Group's financial statements.

II. MAJOR TERMS OF CAPITAL INCREASE AGREEMENTS

Date:	24 August 2017
Parties:	a) Beiqing Community Media; b) the Company; and c) Chongqing Huilin
Effective Date:	The Capital Increase Agreements shall take effect on the date of being signed and chopped by the legal representatives or authorized representatives of the parties.
Consideration:	<p>Pursuant to the Capital Increase Agreements, (i) the Company will pay the consideration of RMB20 million, among which, RMB811,488 as contribution to the paid-in capital of Beiqing Community Media and RMB19,188,512 as contribution to the capital reserves of Beiqing Community Media. (ii) Chongqing Huilin will pay the consideration of RMB40 million, among which, RMB1,622,976 as contribution to the paid-in capital of Beiqing Community Media and RMB38,377,024 as contribution to the capital reserves of Beiqing Community Media.</p> <p>The amount regarding the capital contribution made by the Company and Chongqing Huilin to Beiqing Community Media was determined after arm's length negotiation among the parties with reference to the appraised value of entire equity interest in Beiqing Community Media as at the valuation date (31 July 2016), being RMB676,929,100, as stated in the valuation report issued by Beijing Luguang Asset Appraisal Co., Ltd. (北京魯光資產評估有限公司). The Valuation was conducted through the income approach.</p> <p>The capital contribution will be made by the Company and Chongqing Huilin, respectively to Beiqing Community Media within 30 calendar days upon signing the Capital Increase Agreements.</p>
Corporate Governance:	Upon completion of the Capital Increase, Beiqing Community Media shall comprise six directors, among which, Chongqing Huilin is entitled to recommend one director.

Other Terms

Pursuant to the Capital Increase Agreements, the total capital contribution, being RMB60 million shall only be used for replenishment the working capital of Beiqing Community Media or other uses approved by the board of directors of Beiqing Community Media as special resolutions. The capital contribution shall not be used (i) for repayment of the debt of Beiqing Community Media and shareholders; (ii) as non-operating expenses or other operating expenses not related to the Beiqing Community Media's main business; or (iii) for the secondary market equity investments, futures, corporate bonds, trust product, insurance program and other risky investment business.

III. VALUATION

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

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

General Assumptions

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

Special Assumptions

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

TECHNIC & CO., the reporting accountant of the Company, has reported on the arithmetical calculations of the discounted future estimated cash flow used in the Valuation. The Directors confirm that the profit forecast of Beiqing Community Media has been made after due and careful enquiries. Letters of Comfort from TECHNIC & CO. and the Board in relation to the profit forecast of Beiqing Community Media are set out as Appendix I and Appendix II to this announcement.

IV. EXPERT AND CONSENT

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

Name	Qualification
TECHNIC & CO.	Certified Public Accountants

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

TECHNIC & CO. has given and has not withdrawn its consent to the publication of this announcement with inclusion of its letter or report and all references to its name in the form and context in which it is included.

V. INFORMATION ON BEIQING COMMUNITY MEDIA

As at the date of this announcement, the Company, Beiqing Community Media Investment Centre, Hangzhou Shineng, Shanghai Xingjing, Ningbo Xiangyun and Teyin Nantong held 54.37%, 17.03%, 17.85%, 5.76%, 3.07%, and 1.92% equity interest in Beiqing Community Media, respectively. Beiqing Community Media is therefore a subsidiary of the Company.

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

Shareholders	Capital contribution prior to the completion of the Capital Increase (Registered capital)		Capital contribution immediately after the completion of the Capital Increase (Registered capital)	
	RMB	(%)	RMB	(%)
The Company	15,000,000	54.37	15,811,488	52.661
Beiqing Community Media Investment Centre	4,700,000	17.03	4,700,000	15.654
Hangzhou Shineng	4,925,000	17.85	4,925,000	16.403
Shanghai Xingjing	1,588,700	5.76	1,588,700	5.291
Ningbo Xiangyun	847,300	3.07	847,300	2.822
Teyin Nantong	529,600	1.92	529,600	1.764
Chongqing Huilin	—	—	1,622,976	5.405
Total	<u>27,590,600</u>	<u>100</u>	<u>30,025,064</u>	<u>100</u>

The audited total assets and net assets of Beiqing Community Media as at 31 December 2016 were RMB72,641,033.27 and RMB44,682,368.81, respectively. The net loss (both before and after taxation) of Beiqing Community Media for the two financial years ended 31 December 2015 and 31 December 2016 are as follows:

	For the year ended 31 December 2015 (audited) (RMB)	For the year ended 31 December 2016 (audited) (RMB)
Net profit/(loss) before taxation	-35,267,832.31	-24,218,170.68
Net profit/(loss) after taxation	-26,637,567.47	-20,393,080.90

VI. FINANCIAL IMPACT ON THE GROUP

Upon completion of the Capital Increase, the Company's equity interest in Beiqing Community Media will be diluted from 54.37% to 52.661%, and Beiqing Community Media will remain to be a subsidiary of the Company. Therefore, the operation results and financial condition of Beiqing Community Media will continue to be included in the Group's consolidated financial statements. Due to that the impact of Capital Increase will not result in the Group's loss of control over Beiqing Community Media, the deemed disposal caused by the Capital Increase will be recognized as equity transaction, and will not have any material impact on the consolidated profit of the current period.

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

Beiqing Community Media's principal business activity is the publication of Beiqing Community Daily, operation of community convenience services centers, and creation of platforms for mobile news. It is committed to creating inter-connected community media platforms with a combination of both online and offline services. The Directors consider that the Capital Increase serves to (1) advance the development of Beijing Community Media in the market of community services, including without limitation, developing the types of community products and services so that to promote the business expansion and strategic transformation of Beijing Community Media; and (2) effectively advance and achieve business expansion of Beijing Community Media into markets other than Beijing, particularly in other key markets nationwide; and (3) induce Beijing Community Media to further utilize various resources and advantages of its shareholders via Beijing Community Daily as platform to deeply cooperate in related business areas. The proceeds funded from the Capital Increase is proposed to be mainly utilized by Beijing Community Media to deeply explore and develop the types of community life related products and services so as to achieve horizontal cross-regional business expansion.

As such, the Directors are of the view that that the Capital Increase Agreements were entered into on normal commercial terms, and although the transactions thereunder are not in the ordinary and usual course of business of the Company, the terms and conditions therein are fair and reasonable and in line with the overall development strategy of the Group as well as in the interests of the Company and its shareholders as a whole.

VIII. LISTING RULES IMPLICATIONS

Upon completion of the Capital Increase, the Company's equity interest in Beiqing Community Media will be diluted from 54.37% to 52.661%, which constitutes a deemed disposal under Rule 14.29 of the Listing Rules. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the deemed disposal contemplated under the Capital Increase Agreements exceed 5% but are less than 25%, therefore the transaction contemplated thereunder constitutes a discloseable transaction of the Company, which is subject to the announcement requirement but exempt from shareholders' approval requirement under the Listing Rules.

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

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

IX. GENERAL INFORMATION ON THE PARTIES TO THE TRANSACTIONS

The Company

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

Beiqing Community Media

Beiqing Community Media is a limited liability company incorporated in the PRC and is a subsidiary of the Company. It is principally engaged in technology promotion services and organization of cultural and artistic exchange activities.

Chongqing Huilin

Chongqing Huilin is a limited partnership incorporated under the PRC law, which is mainly engaged in capital investment and investment management in China. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, Chongqing Huilin and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

X. DEFINITIONS

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

“Beiqing Community Media” Beiqing Community Media Technology (Beijing) Co., Ltd. * (北青社區傳媒科技(北京)股份有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of the Company

“Beiqing Community Media Investment Centre” Beijing Beiqing Community Culture Media Investment Centre Limited Partnership* (北京北青社區文化傳媒投資中心(有限合夥)), a limited partnership enterprise incorporated under the laws of the PRC, holding 17.03% of the equity interests in Beiqing Community Media as at the date of this announcement

“Board” the board of directors of the Company

“Capital Increase” means the investment made to Beiqing Community Media by the Company and Chongqing Huilin in a total amount of RMB60 million as contemplated under the Capital Increase Agreements

“Capital Increase Agreements”	means the Capital Increase Agreements entered into on 24 August 2017 among the Company, Chongqing Huilin and Beiqing Community Media pursuant to which, the Company and Chongqing Huilin have agreed to make the capital contribution to Beiqing Community Media in a total amount of RMB60 million
“Chongqing Huilin”	Chongqing Huilin Equity Fund (Limited Partnership) (重慶慧林股權投資基金合夥企業(有限合夥)), a limited partnership enterprise incorporated under the laws of the PRC
“Company”	Beijing Media Corporation Limited* (北青傳媒股份有限公司), a joint stock limited company incorporated under the laws of the PRC and whose H shares are listed and traded on the Hong Kong Stock Exchange
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hangzhou Shineng”	Hangzhou Shineng Investment Consulting Co., Ltd.* (杭州勢能投資諮詢有限公司), formerly known as Hangzhou Xipan Investment Consulting Co., Ltd.* (杭州溪畔投資諮詢有限公司), a limited liability company incorporated under the laws of the PRC, holding 17.85% of the equity interests in Beiqing Community Media as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Ningbo Xiangyun”	Ningbo Xiangyun Shuangxin No.1 Investment Partnership (Limited Partnership)* (寧波祥雲雙信一號投資合夥企業(有限合夥)), a limited partnership enterprise incorporated under the laws of the PRC, holding 3.07% of the equity interests in Beiqing Community Media as at the date of this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Xingjing”	Shanghai Xingjing Investment Centre (Limited Partnership)* (上海星京投資管理中心(有限合夥)), a limited partnership enterprise incorporated under the laws of the PRC, holding 5.76% of the equity interests in Beiqing Community Media as at the date of this announcement
“Shareholders”	the shareholders of the Company
“Teyin Nantong”	Teyin Nantong Equity Fund Management Centre (Limited Partnership)* (特銀南通股權投資基金管理中心(有限合夥)), a limited partnership enterprise incorporated under the laws of the PRC, holding 1.92% of the equity interests in Beiqing Community Media as at the date of this announcement
“Valuation”	the valuation of entire equity interest in Beiqing Community Media as at the valuation date (31 July 2016) as stated in the valuation report issued by Beijing Luguang Asset Appraisal Co., Ltd. (北京魯光資產評估有限公司), through the income approach and on such basis and assumptions as agreed by the parties

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

Beijing, the PRC, 24 August 2017

As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Yu Haibo, He Xiaona, Yang Wenjian, Peng Liang and Shang Da; the non-executive directors of the Company, Zang Furong, Wu Bin, Xu Xun and Liu Hong; 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.

* for identification purpose

APPENDIX I – LETTER FROM TECHNIC & CO. IN RELATION TO THE PROFIT FORECAST ON BEIQING COMMUNITY MEDIA

24 August 2017

The Board of Directors

Beijing Media Corporation Limited

Dear Sirs,

Beijing Media Corporation Limited (“the Company”) Transaction in connection with the proposed capital increase in Beiqing Community Media Technology (Beijing) Co., Ltd. (the “Capital Increase Transaction”)

We have been engaged to report on the arithmetical calculations of the discounted future cash flows used in the business valuation of Beiqing Community Media Technology (Beijing) Co., Ltd. (the “**Valuation**”) dated 17 November 2016, prepared by Beijing Luguang Asset Appraisal Co., Ltd.. The valuation is based in part upon discounted future cash flows and is regarded by the directors of the Company as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibility for the Discounted Future Cash Flows

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

Our responsibility

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

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

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

The discounted future cash flows do not involve the adoption of accounting policies. The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Opinion

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

Yours faithfully,
TECHNIC & CO.
CERTIFIED PUBLIC ACCOUNTANTS
(PRACTISING)

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



BEIJING MEDIA CORPORATION LIMITED

北青傳媒股份有限公司

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

(Stock Code: 1000)

24 August 2017

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

Dear Sirs or Madams,

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

We refer to the announcement of the Company dated 24 August 2017 (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings in this letter when used herein.

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

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

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