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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you have sold or transferred** all your shares in **Beijing Media Corporation Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**CONTINUING CONNECTED TRANSACTIONS  
PROPOSED ANNUAL CAPS FOR  
THE THREE YEARS ENDING 31 DECEMBER 2024  
AND  
NOTICE OF EGM**

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



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A letter from the Board is set out on pages 3 to 11 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 12 to 13 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 24 of this circular.

A notice convening the EGM to be held at 2:00 p.m. on Friday, 31 December 2021 at Conference Room 704, the 7th Floor, Beijing Youth Daily Agency Building, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC is set out on pages 31 to 33 of this circular. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof, and deposit it with Computershare Hong Kong Investor Services Limited, the H shares registrar and transfer office of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so desire.

15 December 2021

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed under the Listing Rules
“Beiqing Community Media”	Beiqing Community Media Technology (Beijing) Co., Ltd., a subsidiary of the Company
“Beijing Youth Daily”	a newspaper named Beijing Youth Daily (北京青年報)
“Board”	the board of directors of the Company
“BYDA”	Beijing Youth Daily Agency (北京青年報社), comprising public institution division and enterprise division
“BYDA Group”	BYDA and its subsidiaries (excluding the Group)
“Capital Group”	Beijing Capital Group Co., Ltd (北京首都創業集團有限公司)
“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
“EGM”	the second extraordinary general meeting in 2021 of the Company to be convened at 2:00 p.m. on Friday, 31 December 2021 for approving the 2021 Advertising Agency Framework Agreement and the annual caps for the three years ending 31 December 2024 for transactions thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors, who have no material interest in the transactions under the 2021 Advertising Agency Framework Agreement, namely Mr. Cui Enqing, Ms. Shi Hongying, Mr. Chan Yee Ping, Michael and Ms. Du Guoqing aiming to provide advice to Independent Shareholders on the 2021 Advertising Agency Framework Agreement and the annual caps for the three years ending 31 December 2024 for the transactions thereunder

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## DEFINITIONS

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“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the 2021 Advertising Agency Framework Agreement and the proposed annual caps for the three years ending 31 December 2024 for the transactions thereunder
“Independent Shareholders”	shareholders of the Company who are not required to abstain from voting on the resolution in relation to the transactions under the 2021 Advertising Agency Framework Agreement and the proposed annual caps at the EGM under the Listing Rules
“Latest Practicable Date”	9 December 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“2018 Advertising Agency Framework Agreement”	the Advertising Agency Framework Agreement entered into between the Company and BYDA on 12 November 2018
“2021 Advertising Agency Framework Agreement”	the Advertising Agency Framework Agreement entered into between the Company and BYDA on 12 November 2021



**BEIJING MEDIA CORPORATION LIMITED**

**北青傳媒股份有限公司**

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

**(Stock Code: 1000)**

*Executive Directors:*

Xu Jian  
Shang Da

*Registered Office:*

Building A, No. 23 Baijiazhuang Dongli  
Chaoyang District, Beijing,  
the PRC

*Non-Executive Directors:*

Su Zhaohui  
Cui Ping  
Jing Enji  
Yang Qing  
Wang Zechen

*Independent Non-Executive Directors:*

Cui Enqing  
Shi Hongying  
Chan Yee Ping, Michael  
Du Guoqing

15 December 2021

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
PROPOSED ANNUAL CAPS FOR  
THE THREE YEARS ENDING 31 DECEMBER 2024  
AND  
NOTICE OF EGM**

**1. INTRODUCTION**

Reference is made to the announcements of the Company dated 12 November 2018 and 27 February 2019, in relation to the 2018 Advertising Agency Framework Agreement.

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## LETTER FROM THE BOARD

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On 12 November 2021, the Company and BYDA entered into the 2021 Advertising Agency Framework Agreement, pursuant to which the Group will continue to provide BYDA Group with advertising agency services. The 2018 Advertising Agency Framework Agreement regulates the transactions in relation to the mutual provision of advertising agency services between the Group and BYDA Group. However, considering that the actual amount of advertising agency services provided by the BYDA Group to the Group is nil since 2020 and it is expected that there will be no relevant business needs in the future, BYDA Group decides not to provide advertising agency services to the Group from 2022. Therefore, the 2021 Advertising Agency Framework Agreement shall not regulate the transactions of advertising agency services provided by BYDA Group to the Group.

The purpose of this circular is to provide you with, among other things, (i) details of the 2021 Advertising Agency Framework Agreement entered into between the Company and BYDA and the annual caps for the three years ending 31 December 2024 for transactions thereunder; and (ii) a notice convening the EGM.

### **2. 2021 ADVERTISING AGENCY FRAMEWORK AGREEMENT**

#### **Date**

12 November 2021

#### **Parties**

- (i) the Company
- (ii) BYDA

#### **Continuing Transactions**

Pursuant to the 2021 Advertising Agency Framework Agreement, BYDA authorizes the Group to act as an advertising agent of BYDA Group to sell advertising space in other publications or media (except Beijing Youth Daily) owned or represented by BYDA Group and its new media resources and provide relevant services.

#### **Term and termination**

The 2021 Advertising Agency Framework Agreement is for a term commencing from 1 January 2022 and ending on 31 December 2024.

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## LETTER FROM THE BOARD

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### Price determination

Pursuant to the 2021 Advertising Agency Framework Agreement, the advertising agency services between the Group and BYDA Group will be implemented in accordance with the following pricing policies:

- (1) For exclusive agency, the Group will pay BYDA Group the advertising space cost based on 70% of the advertising revenue from the sale of the advertising space;
- (2) For non-exclusive agency, the price given by BYDA Group to the Group shall be no less favorable than those available to independent third parties under the same conditions. The Group will pay the advertising space cost to BYDA Group based on certain discount of the unit price listed in the standard advertising price list of the relevant advertising space of BYDA Group (the discount is generally about 20% to 70% and is determined based on the nature of each industry, market conditions, space location, publication time, etc.), actual placement quantity, size and other factors upon arm's length negotiations with BYDA Group.

### Payment

The consideration under the 2021 Advertising Agency Framework Agreement is paid in cash in one lump sum or in installments according to specific and individual execution agreements, and is funded by the internal resources of the relevant parties.

### Annual caps

#### *Actual transaction values*

For the two years ended 31 December 2020 and the ten months ended 31 October 2021, the actual transaction values of the transactions under the 2018 Advertising Agency Framework Agreement in respect of the Group as the advertising agent of BYDA Group are set out as follows:

	Year ended 31 December 2019 (RMB)	Year ended 31 December 2020 (RMB)	Ten months ended 31 October 2021 (RMB)
Advertising space cost paid by the Group to BYDA Group	12,624,453.35	13,049,846.04	7,994,522.01

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## LETTER FROM THE BOARD

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### *Historical annual caps*

For the three years ending 31 December 2021, the historical annual caps of the transactions under the 2018 Advertising Agency Framework Agreement in respect of the Group as the advertising agent of BYDA Group are set out as follows:

	<b>Year ended 31 December 2019 (RMB)</b>	<b>Year ended 31 December 2020 (RMB)</b>	<b>Year ending 31 December 2021 (RMB)</b>
Advertising space cost payable by the Group to BYDA Group	16,000,000	16,000,000	16,000,000

The Directors monitor the transaction amounts under the 2018 Advertising Agency Framework Agreement on an ongoing basis, and none of the transaction amounts for the two years ended 31 December 2020 exceeds the respective annual cap. As at the Latest Practicable Date, the transaction amounts under the 2018 Advertising Agency Framework Agreement did not exceed the annual cap for the year ending 31 December 2021.

### *Proposed annual caps*

For the three years ending 31 December 2024, the proposed annual caps for the transactions contemplated under the 2021 Advertising Agency Framework Agreement are as follows:

	<b>Year ending 31 December 2022 (RMB)</b>	<b>Year ending 31 December 2023 (RMB)</b>	<b>Year ending 31 December 2024 (RMB)</b>
Advertising space cost payable by the Group to BYDA Group	16,000,000	16,000,000	16,000,000

In arriving at the foregoing proposed annual caps, the Directors have taken into account the following factors:

- (i) the actual values of the advertising space costs payable by the Group to BYDA Group for the two years ended 31 December 2020 and the ten months ended 31 October 2021;
- (ii) the Group will continue to rely on the resource advantages of BYDA and Capital Group and base itself upon the development of convergence media: 1) further comprehensively integrate relevant resources from new media such as Beijing Headlines application, YNET, microblog and WeChat, join in video platforms such as short video and livestreaming, actively adjust product structure and build a multimedia marketing platform; 2) develop

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## LETTER FROM THE BOARD

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diversified offline activities and activities planning, to provide a wider advertising platform and richer services for customers; 3) actively expand new resources of advertising, develop competitive product system in the market, enhance the core comprehensiveness in many aspects such as short video production, cultural and creative IP operations and new media operation and maintenance, and explore new customer resources and new needs of regular customers. The above initiatives are beneficial for the Company to achieve the gradual shift of the Group's business focus from traditional media to new media and mobile internet business, effectively enhance the overall market competitiveness of the Group, and drive the improvement of the Group's advertising performance as a whole;

- (iii) The Company will continue to adapt to market needs. Following the business model of modern media entities, it will improve business management level by: 1) building a product center, a competence center and a marketing center to be responsible for resource acquisition and product system establishment, internal and external customer service and project execution, new customer development and market exploration, respectively; 2) implementing management model of business department in four key industries including real estate, finance, automobile and education, and integrating cross-industrial resources based on the expansion of dominant business; 3) adjusting some functions of the advertising center and setting up a business service department to optimize staff allocation; and
- (iv) The Company's subsidiary Beiqing Community Media will give play to advantages of channel sinking (namely to achieve direct and seamless connection with community residents through offline entities such as branches of Beiqing Community Media and community posts, and online and offline media of Beiqing Community Media) and media content to further develop government propaganda operation and maintenance market and expand clients through online promotion and offline activities so as to achieve more revenue from advertising.

### **Implementation agreements**

The Group and the members of BYDA Group will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the 2021 Advertising Agency Framework Agreement during its term. Each implementation agreement will set out the detailed services, specifications, quantities, prices, payment methods, dates and other relevant terms.

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## LETTER FROM THE BOARD

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As the implementation agreements provide for the supply of services as contemplated under the 2021 Advertising Agency Framework Agreement, they do not constitute new categories of connected transactions. Any of such implementation agreements will be within the ambit of the 2021 Advertising Agency Framework Agreement and the relevant annual caps, and if exceeded, the Company will comply with the relevant Listing Rules accordingly.

### **Reasons for entering into the 2021 Advertising Agency Framework Agreement**

The Company is of the view that entering into the 2021 Advertising Agency Framework Agreement will (i) provide a wider advertising platform and offer richer services to the clients of the Company; (ii) facilitate the development of more clients by the Company; (iii) bring higher return from the Company's advertising agent and related services business; (iv) establish a one-stop procurement platform, and optimize the resources purchasing process available to the clients; (v) integrate the resources of the Group, enhance the Group's overall market competitiveness by the systematic development of all areas of the Group's internal resources and products packaging; and (vi) realize the gradual shift of business focus from traditional media to new media and mobile internet media by following the demand of market development and the rapid growth of new media resources platform.

### **3. INTERNAL CONTROL MEASURES**

- (a) In arriving at the above pricing policies, the Company mainly retain the previous pricing policies for the advertising agency services provided by the Group to BYDA Group, confirm that such pricing terms are no less favorable to the Group than terms available to other advertising agents for BYDA, and refer to and evaluate the prevailing market price for comparable services in the related industry, including acquiring prevailing market price for advertising agency services from at least three comparable media in the industry by way of direct inquiry and communication with clients and relevant practitioners in the same industry, so as to ensure that the above pricing policies are fair and reasonable, on normal commercial terms, as well as no less favorable than terms available to independent third parties;
- (b) The president of the Company is responsible for the final approval of the execution of the framework agreement for continuing connected transactions. For the 2021 Advertising Agency Framework Agreement, when the specific implementation agreement is concluded, the Company's advertising department is responsible for following up with the prevailing market price for comparable services in the related industry and proposing transaction content and price recommendations, and such implementation agreement may only be signed with BYDA after it is reviewed by the Company's finance department and approved by the president of the Company when the president of the Company has confirmed all terms of relevant implementation agreement;

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## LETTER FROM THE BOARD

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- (c) The finance department and the Board office of the Company continuously inspect, monitor, collect and evaluate the detailed information of the Group's continuing connected transactions, including but not limited to the implementation agreement, actual transaction amount and payment arrangement under the framework agreement of each continuing connected transaction, to ensure that the scope of the framework agreement of each continuing connected transaction and respective annual cap are not exceeded;
- (d) The Company continues to improve the relevant internal control system of the Group and proposes to improve the relevant internal control mechanism and regulations based on the latest regulatory requirements and the problems encountered in the process of managing and monitoring the continuing connected transactions, to ensure the compliance of the Group's continuing connected transactions;
- (e) The independent non-executive Directors have reviewed and will continue to review the continuing connected transactions to ensure that such transactions are on normal commercial terms and in the usual and ordinary course of business of the Group, and the terms of the related agreements are fair, reasonable and in the interests of the Company and its Shareholders as a whole; and
- (f) The auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions to ensure that they are within the scope of the annual caps under these framework agreements.

#### 4. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, BYDA holds 124,839,974 shares of the Company, representing approximately 63.27% of the total issued share capital of the Company, therefore BYDA and its subsidiaries are connected persons of the Company under the Listing Rules. Therefore, the continuing transactions under the 2021 Advertising Agency Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) of the proposed annual caps for the three years ending 31 December 2024 for the transactions under the 2021 Advertising Agency Framework Agreement exceed 5%, the transactions contemplated thereunder are subject to the annual review, reporting, announcement and the Company's Independent Shareholders' approval requirements under the Listing Rules.

#### 5. 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.

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## LETTER FROM THE BOARD

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### BYDA

BYDA mainly owns convergence media platforms such as Beijing Youth Daily, “Beijing Headlines” Client, YNET and other new media matrix and conducts relevant business. The ultimate controller of BYDA is the Beijing Municipal Government.

### 6. EGM

A notice convening the EGM to be held at Conference Room 704, the 7th Floor, Beijing Youth Daily Agency, No.23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC, at 2:00 p.m. on Friday, 31 December 2021, is set out on pages 31 to 33 of this circular.

Votes on the resolutions to be proposed at the EGM shall be taken by way of poll. As at the Latest Practicable Date, Capital Group has acquired the voting right attached to 124,839,974 shares of the Company held by BYDA (enterprise) (representing approximately 63.27% of the total issued share capital of the Company) through the entrust management arrangement between Capital Group, Beijing Youth Daily and its beneficial owner on 20 May 2021. BYDA (public institution) as the counterparty of the 2021 Advertising Agency Framework Agreement has been incorporated under Beijing Daily Agency, subject to the PRC industrial and commercial registration. Capital Group has no material interest in the transactions under the 2021 Advertising Agency Framework Agreement and is therefore not required to abstain from voting in respect of the relevant resolution at the EGM. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, none of the connected persons of the Company, Shareholder and their respective associates has material interest in the transactions contemplated under 2021 Advertising Agency Framework Agreement and is required to abstain from voting on the relevant resolution at the EGM.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, there is no other continuing transaction entered into between any respective members of the Group and BYDA Group and its ultimate beneficial owner(s) or otherwise related, which would be, together with the transactions contemplated under the 2021 Advertising Agency Framework Agreement, aggregated under Rule 14A.81 of the Listing Rules.

Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof, and deposit it with Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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### 7. RECOMMENDATION

The Directors (excluding the independent non-executive Directors) are of the view that the terms of the 2021 Advertising Agency Framework Agreement (i) have been negotiated on an arm's length basis; (ii) will be conducted on normal commercial terms, or on terms no less favorable 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; and (iv) are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and the annual caps for the three years ending 31 December 2024 for the transactions under the 2021 Advertising Agency Framework Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Your attention is also drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the 2021 Advertising Agency Framework Agreement and the annual caps for the three years ending 31 December 2024 for transactions thereunder; and (ii) the letter from the Independent Financial Adviser set out in this circular which contains the recommendations of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the 2021 Advertising Agency Framework Agreement and the annual caps for the three years ending 31 December 2024 for transactions thereunder, and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice.

No Directors is deemed to have a material interest in the transactions contemplated under the 2021 Advertising Agency Framework Agreement and is required to abstain from voting on relevant board resolution.

By order of the Board  
**Beijing Media Corporation Limited**  
**Su Zhaohui**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the 2021 Advertising Agency Framework Agreement and the annual caps for the three years ending 31 December 2024 for transactions thereunder, which has been prepared for the purpose of inclusion in this Circular.*



## BEIJING MEDIA CORPORATION LIMITED

### 北青傳媒股份有限公司

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

**(Stock Code: 1000)**

15 December 2021

*To the Independent Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTIONS PROPOSED ANNUAL CAPS FOR THE THREE YEARS ENDING 31 DECEMBER 2024**

We refer to the circular of the Company dated 15 December 2021 (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and advise you as to whether, in our opinion, the 2021 Advertising Agency Framework Agreement and the proposed annual caps for the three years ending 31 December 2024 for transactions thereunder (details of which are set out in the letter from the Board) is fair and reasonable so far as the Independent Shareholders are concerned.

Gram Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on the fairness and reasonableness of the 2021 Advertising Agency Framework Agreement and the proposed annual caps for the three years ending 31 December 2024 for transactions thereunder. Details of the advice from Gram Capital, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 14 to 24 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 3 to 11 of the Circular and the other information set out in the appendix to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered (i) the terms and conditions of the 2021 Advertising Agency Framework Agreement, (ii) the discussion with the management of the Company about the background to and nature of the transactions contemplated under the 2021 Advertising Agency Framework Agreement, (iii) the reasons for the annual caps for the three years ending 31 December 2024 of the transactions under the 2021 Advertising Agency Framework Agreement and the basis upon which the proposed annual caps have been determined, (iv) the business and financial effects of the transactions under the 2021 Advertising Agency Framework Agreement to the Company, and (v) the advice given by the Independent Financial Advisor and the principal factors and reasons taken into consideration by them in arriving at their advice, we are of the view that the 2021 Advertising Agency Framework Agreement (i) has been negotiated on an arm's length basis; (ii) will be conducted on normal commercial terms, or on terms no less favorable than those available to or from independent third parties under prevailing local market conditions; (iii) is entered into in the ordinary and usual course of business of the Group; (iv) is fair and reasonable and in the interests of Company and the Shareholders as a whole; and that the proposed annual caps for the three years ending 31 December 2024 for the transactions under the 2021 Advertising Agency Framework Agreement, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM so as to approve the 2021 Advertising Agency Framework Agreement and the proposed annual caps for the three years ending 31 December 2024 for transactions thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee of

**Beijing Media Corporation Limited**

**Cui Enqing**

**Shi Hongying**

**Chan Yee Ping, Michael**

**Du Guoqing**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

15 December 2021

*To: The independent board committee and the independent shareholders  
of Beijing Media Corporation Limited*

Dear Sir/Madam,

### CONTINUING CONNECTED TRANSACTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the 2021 Advertising Agency Framework Agreement (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 15 December 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 12 November 2021, the Company and BYDA entered into the 2021 Advertising Agency Framework Agreement, pursuant to which, the Group will continue to provide BYDA Group with advertising agency services. The 2018 Advertising Agency Framework Agreement regulates the transactions in relation to the mutual provision of advertising agency services between the Group and BYDA Group. However, considering that the actual amount of advertising agency services provided by BYDA Group to the Group is nil since 2020 and it is expected that there will be no relevant business needs in the future, BYDA Group decides not to provide advertising agency services to the Group from 2022. Therefore, the 2021 Advertising Agency Framework Agreement shall not regulate the transactions of advertising agency services provided by BYDA Group to the Group.

With reference to the Board Letter, the Transactions constitute continuing connected transaction of the Company, and are subject to the reporting, announcement, annual review and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Cui Enqing, Ms. Shi Hongying, Mr. Chan Yee Ping, Michael and Ms. Du Guoqing (all being independent non-executive Directors) has been formed to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the 2021 Advertising Agency Framework Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, BYDA and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

#### Information on the Group

With reference to the Board Letter, 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.

Set out below are the consolidated financial information of the Group for the six months ended 30 June 2021 and two years ended 31 December 2020 as extracted from the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”) and annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”):

	For the six months ended 30 June 2021 (RMB'000) (unaudited)	For the year ended 31 December 2020 (RMB'000) (audited)	For the year ended 31 December 2019 (RMB'000) (audited)	Change from 2019 to 2020 %
Total operating income	101,002	217,291	219,927	(1.20)
Profit/(loss) attributable to Shareholders of the Company	(29,695)	(130,176)	(196,538)	(33.77)

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As illustrated in the above table, the Group's total operating income for the year ended 31 December 2020 ("FY2020") represented a slight decrease of approximately 1.20% as compared to that for the year ended 31 December 2019 ("FY2019"). As stated in the 2020 Annual Report, due to the continuing impact of new media, advertising in the traditional print media market decreased. Although the Company actively developed new media advertising for its clients, the Group's overall advertising revenue still decreased. With reference to the 2020 Annual Report and as confirmed by the Directors, the substantial decrease in loss attributable to Shareholders of the Company was mainly due to (i) the decrease of approximately RMB23.8 million in total operating costs and approximately RMB44.4 million in impairment loss of assets for FY2020 as compared to those for FY2019; (ii) the record of investment income of approximately RMB25.3 million (FY2019: investment loss of RMB195,000).

For the six months ended 30 June 2021, total operating income of the Group amounted to approximately RMB101.0 million, representing an increase of approximately 35.98% as compared with that for the corresponding period of 2020, of which, revenue from advertising was amounted to approximately RMB46.1 million, representing an increase of approximately 16.75% as compared with that for the corresponding period of 2020; revenue from printing amounted to RMB1.68 million, representing an increase of approximately 16.95% as compared with that for the corresponding period of 2020; and revenue from the trading of print-related materials was approximately RMB50.6 million, representing an increase of approximately 75.98% as compared with that for the corresponding period of 2020.

The Group recorded net loss for each of the two years ended 31 December 2020 and the six months ended 30 June 2021. The loss attributable to Shareholders of the Company for the six months ended 30 June 2021 represented a decrease of approximately 20.00% as compared to that for the corresponding period of 2020.

The figures for the six months ended 30 June 2021 indicate that the Group's operating revenue and loss reduction are showing better trend as compared with that of the corresponding period of last year, which was mainly because (i) Beiqing Community Media, a subsidiary of the Company, has initially built a reasonable business model, recorded continuous growth in operating revenue and achieved operating profits, which have a positive impact on the Group; (ii) the increase in operating revenue from the increase in the trading of print-related materials after the pandemic; and (iii) the slow-down of the decreasing advertising revenue of the Company.

### Information on BYDA

With reference to the Board Letter, BYDA mainly owns convergence media platforms such as Beijing Youth Daily, "Beijing Headlines" Client, YNET and other new media matrix and conducts relevant business. The ultimate controller of BYDA is Beijing Municipal Government.

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### Reasons for and benefits of the Transactions

With reference to the Board Letter, the Company is of the view that entering into the 2021 Advertising Agency Framework Agreement will (i) provide a wider advertising platform and offer richer services to the clients of the Company; (ii) facilitate the development of more clients by the Company; (iii) bring higher return from the Company's advertising agent and related services business; (iv) establish a one-stop procurement platform, and optimize the resources purchasing process available to the clients; (v) integrate the resources of the Group, enhance the Group's overall market competitiveness by the systematic development of all areas of the Group's internal resources and products packaging; and (vi) realize the gradual shift of business focus from traditional media to new media and mobile internet media by following the demand of market development and the rapid growth of new media resources platform.

Furthermore, as confirmed by the Directors, the Transactions are entered into in the ordinary and usual course of business of the Group and on a frequent and regular basis. As such, it would be costly and impracticable to make regular disclosure of each of the relevant transactions and obtain the prior approval from the Independent Shareholders, as required by the Listing Rules, if necessary. Accordingly, the Directors are of the view that the Transactions will be beneficial to the Company and the Shareholders as a whole.

In light of the above factors, we consider the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

### Principal terms of the Transactions

The following table summarizes the principal terms of the Transactions, details of which are set out under the section headed "2021 Advertising Agency Framework Agreement" of the Board Letter.

Date:	12 November 2021
Parties:	(i) the Company; and (ii) BYDA
Term and termination:	The 2021 Advertising Agency Framework Agreement is for a term commencing from 1 January 2022 and ending on 31 December 2024.
Nature of transactions:	Pursuant to the 2021 Advertising Agency Framework Agreement, BYDA authorizes the Group to act as an advertising agent of BYDA Group to sell advertising space in other publications or media (except Beijing Youth Daily) owned or represented by BYDA Group and its new media resources and provide relevant services.

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### *Price determination:*

Pursuant to the 2021 Advertising Agency Framework Agreement, the advertising agency services between the Group and BYDA Group will be implemented in accordance with the following pricing policies:

1. For exclusive agency, the Group will pay BYDA Group the advertising space cost based on 70% of the advertising revenue from the sale of the advertising space;
2. For non-exclusive agency, the price given by BYDA Group to the Group shall be no less favorable than those available to independent third parties under the same conditions. The Group will pay the advertising space cost to BYDA Group based on certain discount of the unit price listed in the standard advertising price list of the relevant advertising space of BYDA Group (the discount is generally about 20% to 70% and is determined based on the nature of each industry, market conditions, space location, publication time, etc.), actual placement quantity, size and other factors upon arm's length negotiations with BYDA Group.

According to the 2020 Annual Report, the Group's revenue from advertising business was approximately RMB89,973,000 (approximately RMB96,965,000 for the year ended 31 December 2019) and cost of the Group's advertising business was approximately RMB75,077,000 (approximately RMB98,635,000 for the year ended 31 December 2019). The percentage of cost to revenue amounted to approximately 83% for FY2020 (FY2019: 102%).

We searched for gross profit margins of companies listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange and are participants in advertising agency industry (i.e. advertisement operator (proxy party) accepting advertisers' or advertisement publishers' (being clients) engagement to conduct advertisement market investigation, advertisement information consulting, corporate image planning, advertisement strategy planning, advertisement media arrangements and other operating activities). Based on information obtained from Wind Financial Terminal, the implied gross profit margin of advertising agency industry was 7.75% for FY2020 and 10.51% for FY2019, which indicated the percentage of cost to total operating revenue of 92.25% for FY2020 and 89.49% for FY2019.

Having considered that (A) both (i) the industry percentage ratios of cost to revenue for FY2020 and FY2019; and (ii) the percentages of cost to revenue of the Group's advertising business for FY2020 and FY2019 are higher than costs of exclusive agency under the 2021 Advertising Agency Framework Agreement pursuant to pricing policy 1 (the advertising space cost represented 70% of the advertising revenue); and (B) pursuant to pricing policy 2, the price given by BYDA Group to the Group shall be no less favorable than those available to independent third parties under the same conditions, we are of the view that the Group's above-mentioned 1. and 2. pricing policies to be justifiable.

We understood that the Company has adopted certain internal approval and monitoring procedures relating to the transactions under the 2021 Advertising Agency Framework Agreement (the "IC Measures"). Details of the IC Measures are set out under

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the section headed “Internal control measures” of the Board Letter. Having considered that (i) the Company mainly retain the previous pricing policies for the advertising agency services provided by the Group to BYDA Group, confirm that such pricing terms are no less favorable to the Group than terms available to other advertising agents for BYDA, and refer to and evaluate the prevailing market price for comparable services in the related industry, including acquiring prevailing market price for advertising agency services from at least three comparable media in the industry by way of direct inquiry and communication with clients and relevant practitioners in the same industry, so as to ensure that the above pricing policies are fair and reasonable, on normal commercial terms, as well as no less favorable than terms available to independent third parties; and (ii) the Company’s advertising department is responsible for following up with the prevailing market price for comparable services in the related industry and proposing transaction content and price recommendations, and such implementation agreement may only be signed with BYDA after it is reviewed by the Company’s finance department and approved by the president of the Company when the president of the Company has confirmed all terms of relevant implementation agreement, we are of the view that the effective implementation of the IC Measures will ensure the fair pricing of the Transactions.

For our due diligence purpose, we obtained three copies of documents (including agreements between the Group and independent third parties and the agreements/orders between the Group and BYDA Group) in respect of the Group’s acting as BYDA Group’s advertising agency and noted that the advertising space cost paid by the Group to BYDA Group is in compliance with the pricing policy as stated in the 2018 Advertising Agency Framework Agreement and the implied cost ratios (calculated by “the advertising space cost paid by the Group to BYDA Group” over “the advertising revenue”) were lower than the industry percentage ratios of cost to revenue for FY2020 and FY2019 and the Group’s percentage of cost to revenue for FY2020 and FY2019 respectively.

We also discussed with staff of the Company’s Board office, finance department and advertising department and understood that the Company’s Board office’s, finance department’s and advertising department’s staffs were aware of the IC Measures and would comply with IC Measures when accepting the Transactions. Having also considered our findings on the documents as mentioned above, we do not doubt the effectiveness of the implementation of the IC Measures.

We also understood that the finance department and the Board office of the Company continuously inspect, monitor, collect and evaluate the detailed information of the Group’s continuing connected transactions, including but not limited to the implementation agreement, actual transaction amount and payment arrangement under the framework agreement of each continuing connected transaction, to ensure that the scope of the framework agreement of each continuing connected transaction and respective annual cap are not exceeded.

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### Proposed annual caps

Set out below are (i) the historical amounts of the advertising fee payable by the Group to the BYDA Group for the two years ended 31 December 2020 and ten months ended 31 October 2021 together with the existing annual caps; and (ii) the proposed annual caps of the Transactions for the three years ending 31 December 2024.

	<b>For the year ended 31 December 2019 (RMB'000)</b>	<b>For the year ending 31 December 2020 (RMB'000)</b>	<b>For the year ending 31 December 2021 (RMB'000)</b>
Historical amounts	12,624	13,050	7,995 ( <i>Note</i> )
Existing annual caps	16,000	16,000	16,000
Utilisation rates	78.9%	81.6%	N/A
	<b>For the year ending 31 December 2022 ("FY2022") (RMB'000)</b>	<b>For the year ending 31 December 2023 ("FY2023") (RMB'000)</b>	<b>For the year ending 31 December 2024 ("FY2024") (RMB'000)</b>
Proposed annual caps	16,000	16,000	16,000

*Note:* the figure was for the ten months ended 31 October 2021.

The proposed annual caps are estimated based on various factors, details of which are set out under the section headed "Proposed annual caps" of the Board Letter.

As depicted from the table above, we noted that the utilisation rates of the existing annual caps for FY2019 and FY2020 were at high levels. The Company set the proposed annual caps for the three years ending 31 December 2024 at the same amount as the existing annual caps for the three years ending 31 December 2021. Upon our request, the Directors provided us a calculation of the proposed annual caps for the three years ending 31 December 2024. According to the calculation, the proposed annual caps for the three years ending 31 December 2024 was calculated based on (i) estimated amounts of advertising fee payable by the Group to the BYDA Group for the three years ending 31 December 2024; and (ii) a buffer of approximately 6.7% on the aforesaid estimated amounts.

To assess the fairness and reasonableness of the estimated amounts of advertising fee for FY2022, we conducted the following analyses:

- The estimated amounts of the advertising fee payable by the Group to the BYDA Group (the "Advertising Fee(s)") for FY2022 represented an increase of approximately 118.8%, 18.8% and 14.9% as compared to that for FY2018, FY2019 and FY2020 respectively.

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- The Group's amounts of the Advertising Fees for FY2018, FY2019 and FY2020 were approximately RMB6.9 million, RMB12.6 million and RMB13.1 million respectively.

Based on the historical figures, the Advertising Fees remained stable at the level of approximately RMB13 million during FY2019 and FY2020 after a substantial increase from FY2018 to FY2019.

Upon our request, we understood that the substantial increase in the Advertising Fees from FY2018 to FY2019 was mainly due to the Company's transfer of the "Beijing Headlines" App to the BYDA in December 2018, resulting the advertising placement on the "Beijing Headlines" App by the Group for its agency clients became connected transactions with BYDA (Note: before the transfer of "Beijing Headlines" App, it was owned by the Group and accordingly the advertising placement on the "Beijing Headlines" App by the Group for its clients did not constitute connected transaction).

Based on the above, we consider it is more appropriate to analyse the proposed annual caps for FY2022 with reference to the transaction amounts for FY2019 and FY2020.

- Revenue generated from advertising amounted to approximately RMB90.0 million for FY2020, representing a decrease of approximately 7.21% as compared to that for FY2019, which was mainly due to (i) the COVID-19 epidemic having brought a shock to the global economy, resulting in a decline in the Group's operating income due to the slowdown in macroeconomic growth; and (ii) the continuing reduction in marketing activities affected the revenue from the advertising business.

For the first six months ended 30 June 2021, with the impact of market policies and industry recovery, total advertising revenue has been stabilized and increased year on year in general. In terms of business model, aiming at developing integrated media, the Company focused on the use of new media platforms such as "Beijing Headlines" App, YNET.com and WeChat official account, and integrated short video, live broadcast and other video platforms to enrich the integrated media platform. "Beijing Headlines" App, YNET.com and WeChat official account were operated by the BYDA Group. Revenue from advertising business of the Group amounted to approximately RMB46.1 million, representing an increase of 16.75% as compared with that for the corresponding period of 2020.

Therefore, we consider the abovementioned increase of 18.8% and 14.9% (i.e. estimated amounts for FY2022 as compared to the historical amounts for FY2019 and FY2020) to be justifiable.

Having considered our analyses above, in particular (i) it is more appropriate to analyse the proposed annual caps for the three years ending 31 December 2024 with reference to the transaction amounts for FY2019 and FY2020; (ii) the Company focused on

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the use of new media platforms such as “Beijing Headlines” App, YNET.com and WeChat official account, which were operated by the BYDA Group; and (iii) the abovementioned increase of 18.8% and 14.9% (i.e. estimated amounts for FY2022 as compared to the historical amounts for FY2019 and FY2020) to be justifiable, we are of the view that the estimated amounts of advertising fees for the FY2022 to be fair and reasonable.

We further enquired the Directors in respect of the estimated Advertising Fees for FY2023 and FY2024 and understood that the Directors assumed the level of transaction amounts for FY2023 and FY2024 would remain stable as compared to that for the year ending 31 December 2022. As the estimated Advertising Fees for FY2023 and FY2024 are the same as that for FY2022 and having considered the Directors assumption as aforementioned, we are of the view that the estimated Advertising Fees for FY2023 and FY2024 to be justifiable.

As further advised by the Directors, when determining the proposed annual caps for the three years ending 31 December 2024, a buffer of approximately 6.7% was applied on the estimated Advertising Fees for each of the three years ending 31 December 2024 so as to accommodate any unexpected increase in the demands on the advertising services by the Group’s end customers and/or unexpected increase in the cost of such services during FY2022 to FY2024. Having considered that (i) the unexpected circumstances may take place during FY2022 to FY2024; and (ii) the buffer would provide flexibility in the event that the actual Advertising Fees was more than the estimated Advertising Fees for FY2022 to FY2024 (which were estimated based on various assumptions), we consider that the buffers to be acceptable.

Based on the above factors, including (i) the estimated Advertising Fees for each of the three years ending 31 December 2024 to be justifiable; and (ii) the buffers to be acceptable, we are of the view that the proposed annual caps for the three years ending 31 December 2024 to be fair and reasonable.

Shareholders should note that as the proposed annual caps of the Transactions are relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2024, and they do not represent forecasts of revenue/cost to be recorded/incurred from the Transactions. Consequently, we express no opinion as to how closely the actual revenue/cost to be recorded/incurred from the Transactions will correspond with the proposed annual caps.

In light of the above, we consider that the terms of the Transactions (including the proposed annual caps) are on normal commercial terms and are fair and reasonable.

### **Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transactions must be restricted by their respective annual caps for the period concerned under the 2021 Advertising Agency Framework Agreement; (ii) the terms of the

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Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transactions (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps.

In the event that the maximum amounts of the Transactions are anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the 2021 Advertising Agency Framework Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transactions and thus the interest of the Independent Shareholders would be safeguarded.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions (including proposed annual caps) are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

As at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO), which are required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and to the Hong Kong Stock Exchange under the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or were deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange.

## 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

Name of Shareholder	Class of Shares	Nature of Shares	Nature of Interest	Number of Shares	% of Class Issued Share Capital	% of Total Share Capital
BYDA	Beneficial owner	Domestic shares	N/A	124,839,974	87.66	63.27
Capital Group <sup>Note 1</sup>	Other	Domestic shares	N/A	124,839,974	87.66	63.27
Beijing Chengshang Cultural Communication Co., Ltd. <sup>Note 2</sup>	Beneficial owner	Domestic shares	N/A	7,367,000	5.17	3.73
Guofu Shangtong Information and Technology Development Co., Ltd. <sup>Note 2</sup>	Interest of controlled corporation	Domestic shares	N/A	7,367,000	5.17	3.73

Name of Shareholder	Class of Shares	Nature of Shares	Nature of Interest	Number of Shares	% of Class	
					Issued Share Capital	% of Total Share Capital
Leshi Internet Information & Technology Corp., Beijing <sup>Note 3</sup>	Beneficial owner	H share	Long position	19,533,000	35.58	9.90
Founder Investment (HK) Ltd. <sup>Notes 4 &amp; 5</sup>	Beneficial owner	H share	Long position	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd. <sup>Note 4</sup>	Interest of controlled corporation	H share	Long position	4,939,000	8.99	2.50
Beijing University New Technology Corporation <sup>Note 4</sup>	Interest of controlled corporation	H share	Long position	4,939,000	8.99	2.50
Beijing University <sup>Note 4</sup>	Interest of controlled corporation	H share	Long position	4,939,000	8.99	2.50
CITI CITI Ltd. <sup>Note 5</sup>	Interest of controlled corporation	H share	Long position	4,939,000	8.99	2.50
Xia Jie <sup>Note 5</sup>	Interest of controlled corporation	H share	Long position	4,939,000	8.99	2.50
Yue Shan International Limited <sup>Note 6</sup>	Interest of controlled corporation	H share	Long position	4,939,000	8.99	2.50
Cao Yawen <sup>Note 6</sup>	Interest of controlled corporation	H share	Long position	4,939,000	8.99	2.50
Aggregate Asset Management Pte Ltd.	Investment manager	H share	Long position	2,000,000	3.64	1.01

*Notes:*

*Information disclosed above is based on the data published on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) unless otherwise stated in the notes below.*

1. The Committee of the Beijing Municipality of the Youth League of Communist Party of China entrusted Capital Group to manage the affiliates of BYDA (excluding the Company) with a term of five years commencing from 18 June 2020. The Company has been included in the scope of above entrust arrangement since 20 May 2021, pursuant to which, Capital Group will exercise the rights and duties of investors/shareholders stipulated in the Company's articles of association within the term of entrust management, including but not limited to, the control, voting rights, operation rights and income rights over the Company. Therefore, Capital Group has interest in the 124,839,974 domestic shares held by BYDA.

2. Beijing Chengshang Cultural Communication Co., Ltd. owns 7,367,000 Domestic Shares of the Company, approximately amounting to 3.73% of the total issued share capital (5.17% of the total issued Domestic Shares) of the Company. Guofu Shangtong Information and Technology Development Co., Ltd. directly owns 42.86% of Beijing Chengshang Cultural Communication Co., Ltd. and is therefore deemed to have an interest in the 7,367,000 Domestic Shares registered in the name of Beijing Chengshang Cultural Communication Co., Ltd. under the SFO. On 22 March 2021, the rights and interests of these shares were provided to persons other than qualified lenders as a guarantee, which led to change in the nature of the rights and interests held by Beijing Chengshang Cultural Communication Co., Ltd. and Guofu Shangtong Information and Technology Development Co., Ltd. in such shares.
3. Leshi Internet Information & Technology Corp., Beijing owns 19,533,000 H Shares of the Company, representing approximately 9.9% of the total issued share capital (35.58% of the total issued H Shares) of the Company.
4. Founder Investment (HK) Ltd. owns 4,939,000 H Shares of the Company, representing approximately 2.5% of the total issued share capital (8.99% of the total issued H Shares) of the Company. Beijing University directly owns 100% equity interest in Beijing University New Technology Corporation, which directly owns 80% equity interest in Beijing Beida Founder Group, which in turn owns 51% equity interest in Founder Investment (HK) Ltd. Therefore Beijing University, Beijing University New Technology Corporation, Beijing Beida Founder Group and Beijing University Founder Investment Co., Ltd. are deemed under the SFO to have an interest in the 4,939,000 H Shares registered in the name of Founder Investment (HK) Ltd..
5. Founder Investment (HK) Ltd. owns 4,939,000 H Shares of the Company, representing approximately 2.5% of the total issued share capital (8.99% of the total issued H Shares) of the Company. Xia Jie indirectly owns 49% equity interest in Founder Investment (HK) Ltd. through CITI CITI Ltd., which is directly 100% owned by Xia Jie. Therefore Xia Jie is deemed under the SFO to have an interest in the 4,939,000 H Shares registered in the name of Founder Investment (HK) Ltd..
6. Yue Shan International Limited, as a trust beneficiary, owns 4,939,000 H Shares of the Company, representing approximately 2.5% of the total issued share capital (8.99% of the total issued H Shares) of the Company. Cao Yawen directly owns 100% equity interest in Yue Shan International Limited and is therefore deemed under the SFO to have an interest in the 4,939,000 H Shares registered in the name of Founder Investment (HK) Ltd.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, the Supervisors and the chief executive of the Company, there was no other person (other than the Directors, the Supervisors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Directors Mr. Su Zhaohui, and Ms. Cui Ping also hold positions in Capital Group; Mr. Wang Zechen also holds position in Beijing Chengshang Cultural Communication Co., Ltd.. Save as disclosed above, as at the Latest Practicable Date, none of other Directors holds position in a company which has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

#### **4. MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

#### **5. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS**

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

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

As at the Latest Practicable Date, none of the Directors, Supervisors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group was made up or was proposed to be acquired or disposed of by or leased to any member of the Group; and none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group as a whole.

#### **7. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or the Supervisors had any existing or proposed service contracts with any member of the Group in which a more than one year's notice or payment of compensation (other than statutory compensation) shall be given by the latter when termination.

## **8. LITIGATION**

As far as the Directors were aware of, save for the litigation filed by the Company against Beiqing Transmedia Co., Ltd., its chairman and Centrin Data Systems Ltd. as disclosed in the announcements dated 30 April 2019 and 25 November 2019 and the 2020 Annual Report of the Company, and the litigation and arbitration filed by the Company against Beijing Trans-Media Co., Ltd. as disclosed in the announcements of the Company dated 1 February 2019 and 15 October 2021, as at the Latest Practicable Date, none of the members of the Group was engaged in any other litigation or arbitration or claim of material importance and no other litigation or claim of material importance to be pending or threatening by or against any member of the Group.

## **9. EXPERT'S QUALIFICATION AND CONSENT**

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of Gram Capital who has given its opinions or advices which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities as defined under the SFO

## **10. EXPERT'S INTERESTS**

As at the Latest Practicable Date, Gram Capital did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, and was not beneficially interested in the shares of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## **11. METHOD OF VOTING AT THE EGM**

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by way of poll. Accordingly, the chairman of the EGM will demand a poll in relation to the proposed resolutions at the EGM.

**12. MISCELLANEOUS**

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

**13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be published on the website of Hong Kong Stock Exchange at <http://www.hkexnews.hk> and the website of the Company at <https://www.bjmedia.com.cn> from the date of this circular up to and including the date of the EGM:

- (a) the 2021 Advertising Agency Framework Agreement;
- (b) the letter from the Independent Board Committee as set out on pages 12 to 13 of this circular;
- (c) the letter from Gram Capital as set out on pages 14 to 24 of this circular; and
- (d) the written consent from the expert referred to under the paragraph headed "Expert's Qualification and Consent" in this appendix.



## 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)**

#### NOTICE OF THE EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Beijing Media Corporation Limited (the “Company”) will be held at 2 p.m. on Friday, 31 December 2021 at Conference Room 704, the 7th Floor, Beijing Youth Daily Agency, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the People's Republic of China (“PRC”), for the purpose of considering and, if thought fit, passing the following resolution:

##### **As Ordinary Resolution**

1. To consider and, if thought fit, to approve:

**“THAT**

- a. the agreement (the “Advertising Agency Framework Agreement”) dated 12 November 2021 and entered into between the Company and Beijing Youth Daily Agency (“BYDA”) in relation to the provision of advertising agency services by the Company and its subsidiaries to BYDA and its subsidiaries (excluding the Company and its subsidiaries), and the relevant annual caps for the three years ending 31 December 2024 for the transactions contemplated thereunder;
- b. any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Advertising Agency Framework Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.”

By Order of the Board  
**Beijing Media Corporation Limited**  
**Su Zhaohui**  
*Chairman*

Beijing, the PRC  
15 December 2021

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## NOTICE OF EGM

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*As at the date of this notice, the Board comprises: the executive directors of the Company, Xu Jian and Shang Da; the non-executive directors of the Company, Su Zhaohui, Cui Ping, Jing Enji, Yang Qing and Wang Zechen; and the independent non-executive directors of the Company, Cui Enqing, Shi Hongying, Chan Yee Ping, Michael and Du Guoqing.*

*Please also refer to the published version of this notice on the Company's website at [www.bjmedia.com.cn](http://www.bjmedia.com.cn).*

*Notes:*

### **1. Eligibility for Attending the EGM**

Holders of H shares whose names appear on the register of the Company maintained by Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, on Wednesday, 1 December 2021 shall be entitled to attend the EGM.

Holders of H shares intending to attend and vote at the EGM to be held on Friday, 31 December 2021 shall lodge all the transfer documents for H shares with the relevant share certificates to the H share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 30 November 2021.

### **2. Proxy**

- (1) Shareholders entitled to attend and vote at the EGM may appoint one or more proxies in writing to attend and vote at the meeting on his behalf. The proxy need not be a shareholder of the Company.
- (2) A proxy shall be appointed by a shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under hand of its director(s) or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.
- (3) To be valid, the notarized power of attorney or other document(s) of authorization (if any) and the form of proxy shall be delivered to (i) the registered office address of Company for holders of domestic shares; and (ii) Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, for holders of H shares, no less than 24 hours before the time fixed for convening the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting if he so desires.
- (4) If a shareholder appoints more than one proxy, such proxies shall only exercise their voting rights by a poll.

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## NOTICE OF EGM

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### **3. Registration Procedures for Attending the EGM**

A shareholder or his proxy shall produce his identification document when attending the EGM. Where a shareholder is a legal person, the legal representative of that shareholder or the person authorized by its board of directors or other governing body shall produce a copy of the resolutions of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.

### **4. Closure of Register of Members**

The Register of Members will be closed from Wednesday, 1 December 2021 to Friday, 31 December 2021 (both days inclusive), during which period no transfer of shares will be registered.

### **5. Method of Voting at the EGM**

Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting must be taken by way of poll. Accordingly, the chairman of the EGM will demand a poll in relation to all the proposed resolutions at the EGM.

### **6. Miscellaneous**

- (1) The EGM is expected to be held for less than half a day. Shareholders attending the EGM shall be responsible for their own travelling and accommodation expenses.
- (2) The address of the Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (3) The registered office and the contact details of the Company are:

No. 23 Baijiazhuang Dongli,  
Chaoyang District, Beijing 100026, the PRC  
Telephone: (+86) 10 6590 2630  
Fax: (+86) 10 6590 2801