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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 IN RELATION TO PROPERTY LEASE CONTRACTS**

### **INTRODUCTION**

On 31 March 2022, the Company (as a lessor) entered into the BJA1 Lease Contract and the Beijing Rural Exchange Lease Contract, respectively, with BJA1 (as a lessee) and Beijing Rural Exchange (as a lessee), pursuant to which, the Company will lease the 23rd floor and the 19th floor of the BYDA Building the Company owns, respectively, to BJA1 and Beijing Rural Exchange, both for a lease term of three years commencing from 1 April 2022 and until 31 March 2025.

### **LISTING RULES IMPLICATIONS**

Capital Group has obtained the voting rights attached to the 124,839,974 shares of the Company (representing approximately 63.27% of the Company's share capital in issue) held by BYDA in accordance with the entrust management arrangement between BYDA and its beneficial owner on 20 May 2021. Therefore, Capital Group is a substantial shareholder of the Company. BJA1 and Beijing Rural Exchange are subsidiaries of Capital Group, and are therefore associates of Capital Group and connected persons of the Company under Chapter 14A of the Listing Rules. As such, the transactions under the Lease Contracts constitute continuing connected transactions of the Company.

Under Rule 14A.81 of the Listing Rules, transactions under the Lease Contracts shall be calculated on an aggregated basis, and as the applicable percentage ratios (as defined under the Listing Rules) in respect of relevant transactions on an aggregated basis are more than 0.1% but are less than 5%, and therefore, the transactions contemplated under the Lease Contracts are subject to the reporting and announcement requirements but exempted from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## I. INTRODUCTION

The Board announces that on 31 March 2022, the Company (as a lessor) entered into the BJAi Lease Contract and the Beijing Rural Exchange Lease Contract, respectively, with BJAi (as a lessee) and Beijing Rural Exchange (as a lessee), pursuant to which, the Company will lease the 23rd floor and the 19th floor of the BYDA Building the Company owns, respectively, to BJAi and Beijing Rural Exchange, both for a lease term of three years commencing from 1 April 2022 and until 31 March 2025.

## II. MAJOR TERMS OF THE LEASE CONTRACTS

The major terms of the BJAi Lease Contract and the Beijing Rural Exchange Lease Contract are as follows:

	<b>BJAi Lease Contract</b>	<b>Beijing Rural Exchange Lease Contract</b>
Date:	31 March 2022	
Parties:	(i) the Company (as a lessor); and  (ii) BJAi (as a lessee)	(i) the Company (as a lessor); and  (ii) Beijing Rural Exchange (as a lessee)
Leased properties:	The 23rd floor of BYDA Building with a gross floor area of 680.98 square meters	The 19th floor of BYDA Building with a gross floor area of 829.53 square meters

Without written consent of the Company, the lessees may not transfer, sub-lease or hand over the leased property or any part thereof, directly or indirectly, to others.

**BJAI Lease Contract** **Beijing Rural Exchange Lease Contract**

Usage: For office premises. Without prior written consent of the Company, the lessees may not change or expand the usage.

Lease term: Three years commencing from 1 April 2022 and until 31 March 2025.

The lessees shall notify the Company in written forms before 90 days before expiry of the lease of their intention for renewal. Parties shall re-negotiate and sign new contract on conditions for lease based on prevailing market conditions. Under the same conditions as those available to other tenants, the lessees may have the priority to the renewal right to lease the property they have leased. If the parties fail to reach a lease contract in 30 days before the expiry of the lease, the lessees will be deprived of the priority right to renew the lease.

Rent rate: The rent for the first year will be RMB6/day/sq.m (VAT inclusive), comprising housing rent of RMB5.2214/day/sq.m and property management fee of RMB0.7786/day/sq.m; from the second year, the housing rent in the rent will be increased at an annual growth rate of 2% and the property management fee remains unchanged.

The rent-free period commences from 1 April 2022 to 30 June 2022. During the rent-free period, the Company shall not charge the lessees any housing rent or other fees except for the property management fee and the water and electricity fees caused by lessees' decoration. If the lessees decorate their leased properties during the rent-free period, they shall comply with the relevant laws, regulations and rules and the requirements of the Company and/or the property management company (namely Beijing Kangyuan Property Management Co., Ltd. (北京康苑物業管理有限責任公司)). In the event that the decoration cannot be completed in the rent-free period due to the pandemic, government orders or other reasons, the rent-free period may be extended subject to written confirmation by the Company.

**BJAI Lease Contract**

**Beijing Rural Exchange Lease Contract**

In addition to paying rent (comprising housing rent and property management fee) to the Company, the lessees shall also pay for all costs incurred during their lease (including rent-free period), such as costs of overtime air-conditioning fee, network, communication, parking, water and electricity, communication and network resource occupation, maintenance, among others. The lessees shall pay the actual relevant costs to the relevant charging entities based on the notice of the Company, alternatively, such costs may be collected by the Company or the property management company on their behalf.

Total rent:	(i) RMB1,167,780.32 for the first year, from 1 April 2022 to 31 March 2023, after deducting rent in the rent-free period;	(i) RMB1,422,521.68 for the first year, from 1 April 2022 to 31 March 2023, after deducting rent in the rent-free period;
	(ii) RMB1,517,295.62 for the second year, from 1 April 2023 to 31 March 2024; and	(ii) RMB1,848,280.77 for the second year, from 1 April 2023 to 31 March 2024; and
	(iii) RMB1,543,767.02 for the third year, from 1 April 2024 to 31 March 2025.	(iii) RMB1,880,526.68 for the third year, from 1 April 2024 to 31 March 2025.

**Payment:** The rent shall be paid quarterly. The lessees shall pay the rent for the next quarter to the Company on March 31, June 30, September 30 and December 31 of each year based on the rent rate as agreed in respective Lease Contract.

The Company shall issue rent payment invoice to the lessees before the rent payment date of each quarter, and the lessees shall pay the rent for such quarter upon receipt of the invoice.

**Delivery of property:** The Company should deliver the leased properties to respective lessee before 31 March 2022. Within three days upon expiry or earlier termination of the Lease Contracts, the lessees shall empty and return to the Company the leased properties.

	<b>BJAI Lease Contract</b>	<b>Beijing Rural Exchange Lease Contract</b>
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Effectiveness:	The Lease Contracts shall become effective after they are stamped and signed by the Company and relevant lessees and the performance bonds are paid by the lessees.
Performance bond and default liability:	<p>The lessees shall pay the Company a performance bond equivalent to the amount of one-month rent when paying the first installment of rent to the Company.</p> <p>In case the lessees pay the rent or/and other payable fees overdue, the Company may fund such costs with the performance bond. The lessee shall pay the Company a liquidated damage equivalent to an amount of 0.2% of the total overdue amount for every single day of overdue. If more than 30 days (excluding delays due to bank system failure or due to internet line transmission) overdue, the Company shall have the right to terminate the Lease Contracts and require for default liability and compensation for any loss incurred to the Company.</p>

### III. PRICING POLICY AND ANNUAL CAPS

The rent payable by BJA I and Beijing Rural Exchange to the Company under the Lease Contracts are determined by after arm’s length negotiations between the parties with reference to the price at which the Company leased the relevant properties to BYDA in the past, being RMB6/day/sq.m, the prevailing market rent of other floors of BYDA Building and adjacent properties, the lease area and the lease term.

According to the pricing policies under the BJA I Lease Contract, the annual caps of the rent payable by BJA I to the Company thereunder is as follow:

	<b>From 1 April 2022 to the year ending 31 March 2023 (RMB)</b>	<b>From 1 April 2023 to the year ending 31 March 2024 (RMB)</b>	<b>From 1 April 2024 to the year ending 31 March 2025 (RMB)</b>
The rent payable by BJA I to the Company	1,167,780.32	1,517,295.62	1,543,767.02

According to the pricing policies under the Beijing Rural Exchange Lease Contract, the annual caps of the rent payable by Beijing Rural Exchange to the Company under the Lease Contracts is as follow:

	<b>From 1 April 2022 to the year ending 31 March 2023 (RMB)</b>	<b>From 1 April 2023 to the year ending 31 March 2024 (RMB)</b>	<b>From 1 April 2024 to the year ending 31 March 2025 (RMB)</b>
The rent payable by Beijing Rural Exchange to the Company	1,422,521.68	1,848,280.77	1,880,526.68

#### **IV. REASONS OF AND BENEFITS FOR ENTERING INTO THE LEASE CONTRACTS**

The entering into the Lease Contracts enables the Group to make full use of its idle properties and generate stable rental income for the Group. The Directors (including independent non-executive Directors) are of the opinion that the terms (including pricing terms) of the BJA Lease Contract and the Beijing Rural Exchange Lease Contract and transactions thereunder, though are not entered into in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms and in the interest of the Company and its Shareholders as a whole.

#### **V. INTERNAL CONTROL MEASURES**

- (a) In determining the above-mentioned pricing policies, the Administration Department of the Company is responsible for price proposals, which will be reviewed by the Finance Department and Board Office of the Company to ensure that the price is fair and reasonable as well as on normal commercial terms or terms as far as concerned by the Company, no less favorable to those available to and from independent third parties, and is subject to the final approval by the President of the Company;
- (b) The President of the Company is responsible for final execution of the Lease Contracts, including but not limited to the payment of performance bonds and rent by BJA and Beijing Rural Exchange to the Company. The Administration Department and Finance Department of the Company is responsible for verifying the actual amount of the payment of performance bond and quarterly rent by BJA and Beijing Rural Exchange to the Company and whether there exists any breach of Lease Contracts, and reporting to the President of the Company on the implementation;

- (c) The Finance Department and Board Office of the Company is responsible for monitoring, collecting and evaluating the detailed information of the continuing connected transactions of the Group on a monthly basis, including but not limited to the pricing terms, payment arrangements and actual transaction amount to ensure it does not exceed relevant annual caps;
- (d) The Company keeps improving the relevant internal control systems of the Group, and put forward suggestions on improving the relevant internal control mechanisms and regulations in light of the latest regulatory requirements and the problems encountered in the management and monitoring of 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, and confirm whether such transactions are entered into in the ordinary and usual course of business of the Group, whether on normal commercial terms or better, and whether the terms are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and
- (f) The auditors of the Company will also conduct an annual review on the pricing and annual caps of the continuing connected transactions to ensure that they are within the annual caps under relevant framework agreements.

Taking into account that: (i) the above methods and procedures comprise necessary components of an internal control system with designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the above-mentioned review procedures and approval process against detailed and explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the above-mentioned agreements, the Directors are of the view that such methods and procedures can ensure that the transactions implemented under the above-mentioned agreements will be conducted on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

## **VI. LISTING RULES IMPLICATIONS**

Capital Group has obtained the voting rights attached to the 124,839,974 shares of the Company (representing approximately 63.27% of the Company's share capital in issue) held by BYDA in accordance with the entrust management arrangement between BYDA and its beneficial owner on 20 May 2021. Therefore, Capital Group is a substantial shareholder of the Company. BJA and Beijing Rural Exchange are subsidiaries of Capital Group, and are therefore associates of Capital Group and connected persons of the Company under Chapter 14A of the Listing Rules. As such, the transactions under the Lease Contracts constitute continuing connected transactions of the Company.

Under Rule 14A.81 of the Listing Rules, transactions under the Lease Contracts shall be calculated on an aggregated basis, and as the applicable percentage ratios (as defined under the Listing Rules) in respect of relevant transactions on an aggregated basis are more than 0.1% but are less than 5%, and therefore, the transactions contemplated under the Lease Contracts are subject to the reporting and announcement requirements but exempted from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Except that Mr. Su Zhaohui, Mr. Xu Jian, Ms. Cui Ping and Mr. Jing Enji, all being employees of Capital Group or its subsidiaries, have material interest in transactions under the Lease Contracts and have abstained from voting on relevant resolutions of the Board, to the knowledge of the Company after making all reasonable inquiries, no other Directors have material interest in such transactions and shall abstain from voting on relevant resolutions of the Board.

## **VII. INFORMATION ON THE PARTIES**

### **The Company**

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

### **BJAI**

BJAI is a company incorporated in the PRC with limited liability and a subsidiary of Capital Group. It is an investment and financing platform specializing in developing the urban modern agriculture in Beijing and supporting the construction of new rural areas in Beijing, which primarily engages in debt business, equity investment, rural property rights trading, agricultural product trading and agricultural product supply chain services. The ultimate beneficial owner of Capital Group is Beijing SASAC.

### **Beijing Rural Exchange**

Beijing Rural Exchange is a company incorporated in the PRC with limited liability and a subsidiary of BJA. Beijing Rural Exchange is a professional platform and service institution for the circulation and trading of rural production elements in Beijing. It organizes the circulation and trading of agricultural land and unused land, collective forest rights, agricultural-related intellectual property rights, agricultural-related corporate equity, physical assets and standardized operation of major economic matters in rural areas, and provides consulting and planning and other investment and financing supporting services for transaction participants.

## VIII. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BJAI”	Beijing Agricultural Investment Co., Ltd. (北京市農業投資有限公司)
“BJAI Lease Contract”	the property lease contract dated 31 March 2022 entered into between the Company and BJAI, pursuant to which, the Company will lease to BJAI the 23rd floor of BYDA Building with a gross floor area of 680.98 square meters for a lease term of three years commencing from 1 April 2022 and until 31 March 2025
“Beijing Rural Exchange”	Beijing Rural Area Equity Exchange Co., Ltd. (北京農村產權交易所有限公司)
“Beijing Rural Exchange Lease Contract”	the property lease contract dated 31 March 2022 entered into between the Company and Beijing Rural Exchange, pursuant to which, the Company will lease to Beijing Rural Exchange the 19th floor of BYDA Building with a gross floor area of 829.53 square meters for a lease term of three years commencing from 1 April 2022 and until 31 March 2025
“Beijing SASAC”	State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會)
“Board”	the board of directors of the Company
“BYDA”	Beijing Youth Daily Agency
“BYDA Building”	Beijing Youth Daily Agency Building located in Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing
“Capital Group”	Beijing Capital Group Company Limited
“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

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“lessee(s)”	BJAI and/or Beijing Rural Exchange
“Lease Contracts”	BJAI Lease Contract and Beijing Rural Exchange Lease Contract
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shareholders”	the shareholders of the Company
“RMB”	Renminbi, the lawful currency of the PRC

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

Beijing, the PRC  
31 March 2022

*As at the date of this announcement, 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 announcement on the Company’s website at [www.bjmedia.com.cn](http://www.bjmedia.com.cn).*