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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)

VERY SUBSTANTIAL ACQUISITION AND CONTINUING CONNECTED TRANSACTION: ENTERING INTO THE SUPPLEMENTAL AGREEMENT TO THE SINGLE ASSET MANAGEMENT CONTRACT

INTRODUCTION

References are made to the announcement dated 19 April 2022 and the circular dated 26 May 2022 of the Company, in relation to, the Single Asset Management Contract entered into by the Company, Capital Securities and the Custodian Bank, pursuant to which the Company entrusted Capital Securities to provide asset management and investment services for the Entrusted Assets, to effectively manage existing idle funds through conducting low-risk investment activities.

Since the Single Asset Management Contract is expected to expire on 16 June 2023, the Company entered into the Supplemental Agreement with Capital Securities and the Custodian Bank on 25 April 2023, to extend the term of the Single Asset Management Contract for three years from 17 June 2023 to 16 June 2026, and make certain amendments to the Single Asset Management Contract, mainly including matching amendments in accordance with the relevant PRC laws and regulations recently coming into force and upgrading the credit rating of the investment portfolio. The Board recommended that, within the Extended Period of the Single Asset Management Contract, the maximum daily balance of the Entrusted Assets managed by Capital Securities shall not exceed RMB200 million.

LISTING RULES IMPLICATIONS

Capital Group has obtained the voting rights attached to 124,839,974 Shares of the Company (representing approximately 63.27% of the issued share capital of the Company) held by BYDA (enterprise) in accordance with the entrust management arrangement between it and BYDA and its beneficial owner on 20 May 2021. Therefore, Capital Group is a substantial Shareholder of the Company. Capital Securities is a subsidiary of Capital Group, therefore Capital Securities is an associate of Capital Group and a connected person of the Company, and the transactions under the Supplemental 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 Chapter 14A of the Listing Rules) in respect of the Proposed Annual Cap of the transactions contemplated under the Supplemental Agreement exceed 5%, the transactions contemplated under the Supplemental Agreement and the Proposed Annual Cap are subject to the annual review, reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The transactions under the Supplemental Agreement also fall within the ambit of Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the maximum annual cap during the Extended Period exceed 100%, the transactions thereunder also constitute a very substantial acquisition of the Company and are subject to the reporting, announcement and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The Company intends to submit the entering into of the Supplemental Agreement to the AGM for Independent Shareholders to consider and, if appropriate, to approve. To the best of the Company's knowledge, save for Capital Group (which holds the voting rights attached to 124,839,974 Shares of the Company (representing approximately 63.27% of the Company's issued share capital)), there is no other Shareholder who has material interests in the above matter and is required to abstain from voting at the AGM on the relevant resolution in relation to the approval of the above matter. The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the entering into of the Supplemental Agreement. The Independent Financial Adviser, Gram Capital, has been engaged by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing (among other things) (i) particulars of the entering into of the Supplemental Agreement; (ii) a letter of recommendations from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice of the AGM is expected to be dispatched to the Shareholders on or before 25 May 2023, which is beyond 15 business days after the publication of this announcement as additional time is required for the Company to prepare the circular and other relevant documents for the AGM.

I. INTRODUCTION

References are made to the announcement dated 19 April 2022 and the circular dated 26 May 2022 of the Company, in relation to, the Single Asset Management Contract entered into by the Company, Capital Securities and the Custodian Bank, pursuant to which the Company entrusted Capital Securities to provide asset management and investment services for the Entrusted Assets, to effectively manage existing idle funds through conducting low-risk investment activities.

Since the Single Asset Management Contract is expected to expire on 16 June 2023, the Company entered into the Supplemental Agreement with Capital Securities and the Custodian Bank on 25 April 2023, to extend the term of the Single Asset Management Contract for three years from 17 June 2023 to 16 June 2026, and make certain amendments to the Single Asset Management Contract, mainly including matching amendments in accordance with the relevant PRC laws and regulations recently coming into force and upgrading the credit rating of the investment portfolio. The Board recommended that, within the Extended Period of the Single Asset Management Contract, the maximum daily balance of the Entrusted Assets managed by Capital Securities shall not exceed RMB200 million.

II. THE PRINCIPAL TERMS OF THE SUPPLEMENTAL AGREEMENT

The principal terms of the supplemented Single Asset Management Contract are as follows:

The Date of the Supplemental Agreement: 25 April 2023

Parties: (1) the Company (as entrustor);
(2) Capital Securities (as manager); and
(3) the Custodian Bank (as custodian).

Entrusted Assets:

Within the validity period of the Single Asset Management Contract, the Company shall have the right to add and withdraw the Entrusted Assets, and no restriction on the maximum amount of redemption for the withdrawal of the Entrusted Assets will be set:

For the addition to the Entrusted Assets, the Company shall inform Capital Securities by email and telephone by 1:00 p.m. at least one business day in advance, and transfer the additional assets to the escrow account. After the Custodian Bank confirms that the additional Entrusted Assets have been received into the escrow account, Capital Securities and the Company will seal the Confirmation Letter of the Additional Entrusted Assets, which is the confirmation document of the additional Entrusted Assets.

For the withdrawal of the Entrusted Assets, the Company shall submit the sealed Notice of Withdrawal of Entrusted Assets to Capital Securities by 1:00 p.m. at least one business day before the application date for withdrawal of the Entrusted Assets. After confirming with seal, Capital Securities will send an asset transfer instruction to the Custodian Bank, notifying it to transfer the corresponding assets from the escrow account to the account designated by the Company within two days of the application date for the withdrawal of the Entrusted Assets (i.e. the date on which the Company applies for the withdrawal of the Entrusted Assets in the Notice of Withdrawal of Entrusted Assets). The sealed document by the Company and Capital Securities will be the confirmation document for the withdrawal of the Entrusted Assets. Capital Securities and the Custodian Bank would not bear the loss of asset realization resulting from the late notice by the Company. If any special matters occur, the Company, Capital Securities and the Custodian Bank shall otherwise deal with upon negotiation without violating relevant requirements of laws and regulations.

Asset Management and
Investment Services:

Capital Securities shall provide the Company with asset management and investment services in respect of the Entrusted Assets in accordance with the investment scope and investment ratio set out below:

The Scheme aims to primarily invest in debt investment products such as fixed-income products (including cash) and can participate in bond repurchase business. In particular, the credit rating of fixed-income products such as corporate bonds, enterprise bonds, mid-term bills and other credit debts to be invested in should be issuer rating (without considering China Bond rating) or bond rating with at least one rated AA+ or above; the credit rating of short-term financing bond and ultra-short-term financing bond shall be A-1 or above (in case of no bond rating, the issuer rating shall be AA or above), and the issuers of all such bonds shall be state-owned holding enterprises. The Scheme shall not invest in asset management products other than public securities investment funds, or directly invest in credit assets of commercial banks or finance local government and its delegates in violation of regulations.

Within six months from the commencement of the operating period of the investment, the ratio of the investment portfolio under the Scheme shall satisfy the following requirements: (1) fixed-income and cash assets shall account for 80% (inclusive) –100% of the total assets of the Scheme, and to avoid unilateral downside risk of fixed income products, the proportion of investment in fixed income assets may be lower than 80% of the total assets of the Scheme, but it shall not be lower than 80% of the total assets of the Scheme for six months in a row; (2) the balances of the funds for reverse bond repurchase and forward bond repurchase shall not exceed 100% and 50%, respectively, of the net assets of the Scheme on the previous day; (3) the total assets of the Scheme shall not exceed 200% of the net assets of the Scheme. If the proportion of the investment in bonds issued by the same issuer and its related parties exceeds 50% of its net assets in the Scheme, the total assets of the Scheme shall not exceed 120% of its net assets. Investment in government bonds, central bank notes, policy financial bonds, local government bonds and other investment varieties approved by the CSRC are not subject to the aforementioned regulations; (4) in terms of market value, investment in a single underlying bond (except for interest rate bonds) shall not exceed 25% of the total size of such invested bond, nor 25% of the net assets of the Scheme; (5) investment in the same asset (except for bank demand deposits, government bonds, central bank bills, policy financial bonds, local government bonds and other investment products recognized by the CSRC) other than bonds shall not exceed 25% of the net assets of the Scheme, nor 25% of such invested asset; and (6) investment in bonds issued by the same issuer shall not exceed 25% of the net asset value of such bond product.

Asset Custody Services:

The Custodian Bank opens an escrow account in the name of the Scheme for the Entrusted Assets and opens a securities account or other specific account for specific use by the Scheme for Capital Securities. The Company will deposit the Entrusted Assets in the escrow account, and the Custodian Bank shall provide asset custody services to the Company and Capital Securities in respect of the Entrusted Assets, perform the obligation of supervising the investment and arrange payment in accordance with the terms and conditions under the Single Asset Management Contract.

Distribution of Returns:

If the balance of bond interests, bonus, dividend, securities dealing spread, interest on bank deposits and other legal income deriving from the same-day investment under the Scheme deducting legal expenses, being profit available for distribution, is positive, Capital Securities may fix such date as the income distribution date, and make a distribution within five business days after the income distribution date to the extent of the profit available for distribution on the income distribution date, in other words, in principle, upon confirmation by Capital Securities and the Custodian Bank, the profit available for distribution will be transferred to the Entrusted Assets on the next business day following the income distribution date.

If the Entrusted Assets cannot be realized when the Scheme terminates, the Custodian Bank will transfer the then profit available for distribution into the capital account of the Company in the form of monetary funds at the instruction of Capital Securities. The settlement of the remaining assets with restricted liquidity will be deferred and made upon negotiation by the Company, Capital Securities and the Custodian Bank, and within ten business days from the date when they become realisable, such assets with restricted liquidity will be transferred into the capital account of the Company in the form of monetary funds.

Early Warning and Stop-loss
Mechanism:

The early warning line of the Scheme is RMB0.9800. During the duration of the Scheme, if the unit net value of the Entrusted Assets at the end of the trading day (T day) reaches or falls below the warning line, Capital Securities will send an early warning to the Company by email on T + 1 day, and will adjust the position from T + 1 day by only selling or conducting redemption and related investment operations and no longer conducting purchase or application (subscription) and related investment operations. When the unit net value of the Entrusted Assets recovers to RMB1.0000 (inclusive) or more from the next trading day, the Scheme can resume the purchase or application (subscription) and related investment operations.

The stop-loss line of the Scheme is RMB0.9000. During the duration of the Scheme, if the unit net value of the Entrusted Assets at the end of the trading day (T day) reaches the stop-loss line, Capital Securities will begin to realise all the non-cash assets held by the Scheme on the next trading day (T + 1 day) and inform the Company by email. The Company has the right to terminate the Scheme as and when appropriate based on realisation.

Charges under the Scheme:

The Company shall pay:

To Capital Securities

(1) the management fee:

at 0.2% per annum based on the net asset value of the Entrusted Assets on the previous calendar day, to be accrued on a daily basis and paid on a quarterly basis; and

(2) the performance fee:

to be accrued (i) on the date of application for withdrawal of the Entrusted Assets, (ii) on the income distribution date, or (iii) upon expiry or liquidation of the Scheme (collectively, the “performance fee accrual date(s)”);

calculated based on the realised gains on investments (i.e. various types of gains obtained from the investment operation of Entrusted Assets, including but not limited to investment bonus, dividends, bond interest, the price difference between buying and selling securities, bank deposit interest and other income) of the Scheme during the performance fee accrual period (i.e. from the commencement of the Scheme to the first performance fee accrual date or the period from each performance fee accrual date to the next performance fee accrual date): if the actual annualised return rate (note) exceeds 3.8% which is the benchmark annualised return rate, then 30% of the excess portion shall be payable by the Company to Capital Securities as performance fee for such performance fee accrual period; if the annualised return rate is lower than or equal to 3.8%, no performance fee for such performance fee accrual period is required to be paid by the Company;

to be taken by Capital Securities at most once every six months, except when the Company exits the Scheme.

Note: Actual annualised return rate = (unit net value of Entrusted Assets at the end of the period – unit net value of Entrusted Assets at the beginning of the period)/unit net value of the Entrusted Assets at the beginning of the period*100%* (365/days of operations from the beginning (inclusive) to the end of the period (exclusive)). Among them, the unit net value of Entrusted Assets = (total value of Entrusted Assets – liabilities of Entrusted Assets)/total units of Entrusted Assets. The total value of Entrusted Assets refers to the total value of various types of negotiable securities, principal and interest of bank deposits, securities investment fund shares and other assets under the Scheme.

To the Custodian Bank

The custodial fee: at 0.05% per annum based on the net asset value of the Entrusted Assets on the previous calendar day, to be accrued on a daily basis and paid on December 20 every accounting year (or the next business day in case such day is not a business day) and the termination date of the Single Asset Management Contract (or the date for early termination).

Information Disclosure and Reporting:

Capital Securities shall disclose the net value of Entrusted Assets share under the Scheme to the Company at least once every trading day; circulate quarterly and annual reports on management and custody to the Company, explaining the investment performance, investment portfolio, returns distribution, value changes, changes of investment managers, and substantial related transactions of the Entrusted Assets during the reporting period.

If an event occurs that materially affects the continuous operation of the Scheme, the interests of clients, and the net asset value during the existence of the Scheme, Capital Securities shall disclose it to the Company within five business days from the date of the occurrence of the relevant event.

In addition, Capital Securities shall provide the Company with a reconciliation statement on a quarterly basis, including the number and net value of Entrusted Assets shares held by the Company under the Scheme, details of participation and withdrawal, and income distribution, etc.

Term of the contract:

The original term of the scheme shall be one year, which has been agreed by the parties to extend for three years from the expiration date of the Single Asset Management Contract, i.e. the new expiration date is 16 June 2026, which may be terminated early or renewed based on actual operation.

Termination:

The Scheme will be terminated in the case of the occurrence of the followings. The Single Asset Management Contract will be terminated once the Scheme is terminated:

- (1) the Scheme expires and is not renewed;
- (2) it is terminated by the Company, Capital Securities and the Custodian Bank upon negotiation;
- (3) Capital Securities is disqualified from asset management business in accordance with the law, or dissolved, cancelled, declared to go bankruptcy in accordance with the law without new manager succeeding within six months;

- (4) the Custodian Bank is disqualified from fund custody in accordance with the law, or dissolved, cancelled, declared to go bankruptcy in accordance with the law without new custodian succeeding within six months;
- (5) failure to complete the filing or non-filing in the Asset Management Association; or
- (6) other terminations required by laws, administrative regulations, the Single Asset Management Contract and the CSRC.

Liabilities for Default:

Except for special circumstances such as force majeure, if Capital Securities and the Custodian Bank violate the provisions of laws, administrative regulations or the Single Asset Management Contract and cause damage to the Entrusted Assets or the Company in the process of performing their respective duties, they should be respectively liable for their own actions and for direct losses according to law.

If Capital Securities violates the relevant provisions of laws and administrative regulations, and is legally revoked by the CSRC for the securities asset management business license, ordered to suspend business for rectification, or unable to perform its duties due to business suspension, dissolution, revocation, bankruptcy, etc., it shall properly handle relevant matters in accordance with relevant regulatory requirements.

III. FINANCIAL INFORMATION ON THE SINGLE ASSET MANAGEMENT SCHEME

As at 31 December 2022, the maximum daily balance of entrusted assets under the Single Asset Management Contract is RMB162,663,157.65, resulting in a total profit and net profit of RMB2,663,157.65 for the financial year ended 31 December 2022 through the transactions under the Single Asset Management Contract.

IV. BASIS FOR PRICING AND THE ANNUAL CAP

Basis for Pricing

As of the date of this announcement, the Company invested a lump sum of principal of RMB160,000,000 in accordance with the Single Asset Management Contract. As of 31 March 2023, the net unit value of Entrusted Assets was RMB1.0323, representing an annualised return rate of approximately 4.14%. The Company paid a fixed management fee of RMB252,681.80 to Capital Securities at the annual rate of 0.2% and a custody fee of approximately RMB63,170.45 to Custodian Bank at the annual rate of 0.05%.

Prior to entering into the Supplemental Agreement, the Company has reviewed the pricing policy for the Single Asset Management Contract during the Extended Period with reference to the actual amount incurred under the Single Asset Management Contract based on the latest market conditions. The Company believes that the pricing policy under the Single Asset Management Contract during the Extended Period is concluded after arm's length negotiation between the parties based on normal commercial terms, and is fair and reasonable.

While concluding the management fee and performance fee payable by the Company to Capital Securities under the Single Asset Management Contract during the Extended Period, the Company has taken into account the following factors:

- (1) the current terms in respect of asset management and investment services in similar nature and amounts involved to the Company provided by two comparable independent financial institutions in China licensed by the CSRC with C rating or above, including the management fees of 0.3% to 0.4% per annum, the benchmark annualised return rate of the accrual basis of the performance fee of 3.2% to 3.4%, and the ratio of the excess portion of the accrual ratio of performance fees of 40% to 60%. In contrast, Capital Securities charges the Company the same or lower fixed management fees and performance fees with a higher accrual basis and a lower accrual ratio; and
- (2) the fixed management fee (i.e. 0.2% per annum) charged by Capital Securities to the Company is lower than the average management fee (i.e. 0.5%) currently charged by Capital Securities to independent third parties for asset management and investment services of similar nature and amount;
- (3) the accrual basis of the performance fee (i.e. 3.8%) charged by Capital Securities to the Company is calculated based on the assessment of the income contribution of the proposed investment target (including coupon rate of bonds with AA rating or above and the market interest rate of bond pledge-style repurchase) and investment ratio under the Single Asset Management Contract, with reference to the planned actual annualised return rate under the Single Asset Management Contract (the actual annualised return rate as at the end of

the five months ended 31 March 2023 were 2.49%, 3.27%, 3.36%, 3.91% and 4.14%, respectively) and market yield of similar single asset management scheme by securities companies in the market; and

- (4) the accrual ratio of performance fees (i.e. 30%) charged by Capital Securities to the Company is lower than the current average accrual ratio of performance fee charged by Capital Securities to independent third parties for asset management and investment services of similar nature and amount (i.e. 60%).

While concluding the custody fee (i.e. 0.05% annual rate) payable by the Company to the Custodian Bank under the Single Asset Management Contract during the Extended Period, the Company has taken into account the following factors:

- (1) fixed-rate custodial fee is one of the common quotation methods for the custodial fees of standardized securities companies' asset management products. It is usually linked to the size of the product in that the smaller the product size is, the higher the fixed rate is;
- (2) the annual rate of custodial fees charged by other custodian banks under a single asset management product of a similar scale (i.e. RMB100 million to RMB200 million) of Capital Securities ranges from 0.05% to 0.08%; and
- (3) the annual rate of custodial fee payable by the Company to the Custodian Bank under the Single Asset Management Contract is lower than the annual rate of custodial fee charged by the Custodian Bank for products of similar scale.

The Proposed Annual Cap

The Single Asset Management Contract was effective from 17 June 2022 for an original term of one year, during which the maximum daily balance of the Entrusted Assets managed by Capital Securities was RMB200 million. The Directors continuously monitor whether the actual amount incurred in respect of the Entrusted Assets under the Single Asset Management Contract exceeds the maximum daily balance. As at 31 March 2023, the actual daily balance of the Entrusted Assets under the Single Asset Management Contract was a maximum of RMB165,475,342.59, which has not exceeded the maximum daily balance of RMB200 million of the Entrusted Assets established above.

It is proposed by the Board that during the Extended Period of the Single Asset Management Contract, the maximum daily balance of the Entrusted Assets managed by Capital Securities under the Single Asset Management Contract is RMB200 million. When determining the above Proposed Annual Cap, the Directors have considered the following factors:

- (1) The Company has actually invested a principal amount of RMB160 million under the Single Asset Management Contract. In addition to the Group's daily operating capital and the above invested amount, it is expected that the Group has available funds for investment management of approximately RMB30 million during the Extended Period, including the Group's existing idle funds of approximately RMB20 million and the estimated idle earnings of approximately RMB10 million through investment methods such as funds and equity each year; and
- (2) Based on the actual income performance of the Scheme under the Single Asset Management Contract, combined with the gradual reduction of the impact of the COVID-19 on the economy in the future, and the steady recovery of economic operation, the expected return on investment on the Entrusted Assets under the Single Asset Management Contract during the Extended Period.

V. REASONS FOR AND BENEFITS OF ENTERING INTO OF THE SUPPLEMENTAL AGREEMENT

The Company has achieved good income returns through the Single Asset Management Contract. As of 31 March 2023, the annualised return on the Company's investments under the Single Asset Management Contract was approximately 4.14%, which was much higher than the return on the Group's management of idle funds by way of bank demand deposits for the previous two years ended 31 December 2022 (not exceeding 1.9% per annum). The Company has established a good cooperation relationship with Capital Securities in this process. With the continuous improvement of the cash management experience and professionalism of Capital Securities, the Company believes that Capital Securities will bring more efficient cash management services to the Company and looks forward to obtaining better investment returns. Accordingly, the Company entered into the Supplemental Agreement with Capital Securities and the Custodian Bank to continue to entrust Capital Securities to manage the Company's idle fund for the Company without affecting the ordinary operating liquidity. At the same time, through the Supplemental Agreement, the parties have made necessary matching amendments to the Single Asset Management Contract in accordance with the relevant PRC laws and regulations that have recently come into effect, and upgraded the credit rating of the investment portfolio to meet regulatory requirements and further reduce investment risks of the Company.

Despite of the coexistence of revenue and risks in the wealth management products and no promise of principal guaranteed policy restriction for the products, Having considered that, among others, (i) the Scheme under the Single Asset Management Contract is specially customized for the Company (as the sole entrustor) by Capital Securities, which enables the Company to negotiate with Capital Securities on investment and operation details (including exclusive investment scope and ratio, early warning and stop-loss mechanism of the Scheme and post-investment management services, etc.), customize the investment products that are truly suitable for the Company in terms of risks and returns, and have the right to require Capital Securities to report the operation of the Scheme to the Company in a timely manner, and keep abreast of investment product information; (ii) Capital Securities has extensive experience and proven track record in cash management, including the average annual return rate of 3.5% and 4% for single asset management products in similar amount of Capital Securities in the past one year and the past three years respectively and the actual rate of return on investments of the Company achieved by the Scheme; (iii) the Entrusted Assets shall be invested in the investment products with relatively low risks, and the early warning and stop-loss mechanism and flexible withdrawal of Entrusted Assets pursuant to the Single Asset Management Contract will protect the Company from any significant investment loss under the Scheme and will not affect the ordinary operating liquidity of the Group; (iv) the comparison between the management fee and performance fee charged by Capital Securities from the Company under the Single Asset Management Contract and the management fee and performance fee (including accrual basis and ratio) charged by independent securities companies in respect of similar asset management and investment services as well as those charged by Capital Securities from the independent third parties; (v) the arrangement of performance fee is commercial charging practices for similar plans and will motivate Capital Securities to obtain more returns for the Company; and (vi) the revised terms of the Single Asset Management Contract under the Supplemental Agreement further upgrade the underlying credit rating of fixed income products for the investment universe and strengthen certain investment ratio restrictions in accordance with the latest regulatory rules, which help to further reduce investment risk, the Directors (excluding the independent non-executive Directors whose opinions will be set out in the Letter from the Independent Board Committee in the circular) are of the view that the Supplemental Agreement and the transactions contemplated thereunder, despite 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.

Save for Ms. Sun Baojie, Mr. Jing Enji, Ms. Cui Ping and Mr. Xu Jian (all employed by Capital Group, the parent company of Capital Securities, or its subsidiaries) who have abstained from voting on the relevant Board resolution(s) for their material interests in the transactions under the Supplemental Agreement, to the best

knowledge of the Company having made all reasonable enquiries, none of the other Directors is required to abstain from voting on the relevant Board resolution(s).

VI. INTERNAL CONTROL MEASURES

- (1) Notwithstanding the sound investment strategy and risk control system of the wealth management products issued by Capital Securities under the Single Asset Management Contract, due to the coexistence of revenue and risks in the wealth management products and no promise of principal guaranteed policy restriction for the products, the Company will strengthen the project management on investment particulars of Capital Securities. The Company's Finance Department will assign a responsible person for daily verification of the daily net value, accrual management fee and performance fee of the Entrusted Assets. The Company's Finance Department is responsible for reviewing the quarterly and annual reports on management and custody submitted by Capital Securities to ensure the compliance with the terms of the Single Asset Management Contract, while the Audit Committee of the Board is responsible for continuously monitoring and inspecting the short-term wealth management business of monetary funds of the Company, and is entitled to appoint internal and external experts to conduct special audit of the wealth management business if necessary;
- (2) The Company's Finance Department is responsible for adding and withdrawing the Entrusted Assets under the Single Asset Management Contract upon the approval from the Company's president based on the actual operating situation and the demand for funds, and shall regularly report the capital operation and return details of the transactions under the Single Asset Management Contract and relevant analysis report to the president of the Company and the Board on a monthly basis;
- (3) The Company's Finance Department and the Office of the Board will keep monitoring, collecting and assessing the details of the continuing connected transactions under the revised Single Asset Management Contract, including but not limited to the execution, the actual transaction amounts and payment arrangements of the Single Asset Management Contract to ensure the scope in the revised Single Asset Management Contract and the Proposed Annual Cap are not exceeded;
- (4) The Company will continue to improve its relevant internal control system, including developing special short-term wealth management system, improving the monitoring mechanism for the Single Asset Management Contract and other short-term wealth management schemes and implementing the delineation between relevant rights and responsibilities to ensure the compliance of the Company's continuing connected transactions;

- (5) The independent non-executive Directors will continue to review continuing connected transactions, and confirm whether the relevant transactions are entered into in the ordinary and usual course of the business of the Group, whether on normal commercial terms or better, and whether the terms of relevant agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole; and
- (6) The Company's auditor will conduct annual review on the pricing and the annual cap of the continuing connected transactions to ensure the annual caps for the transactions under the framework agreements are not exceeded.

VII. LISTING RULES IMPLICATIONS

Capital Group has obtained the voting rights attached to 124,839,974 Shares of the Company (representing approximately 63.27% of the issued share capital of the Company) held by BYDA (enterprise) in accordance with the entrust management arrangement between it and BYDA and its beneficial owner on 20 May 2021. Therefore, Capital Group is a substantial Shareholder of the Company. Capital Securities is a subsidiary of Capital Group, therefore Capital Securities is an associate of Capital Group and a connected person of the Company, and the transactions under the Supplemental 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 Chapter 14A of the Listing Rules) in respect of the Proposed Annual Cap of the transactions contemplated under the Supplemental Agreement exceed 5%, the transactions contemplated under the Supplemental Agreement and the Proposed Annual Cap are subject to the annual review, reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The transactions under the Supplemental Agreement also fall within the ambit of Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the maximum annual cap during the Extended Period exceed 100%, the transactions thereunder also constitute a very substantial acquisition of the Company and are subject to the reporting, announcement and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

VIII. INFORMATION OF THE PARTIES INVOLVED

The Company

The Company is a leading media company in the PRC and its principal business includes sales of media advertisement, production of newspapers and magazines and trading of print-related materials.

Capital Securities

Capital Securities is a joint stock limited company incorporated in the PRC with limited liability and a subsidiary of Capital Group, and is primarily engaged in the businesses of securities broking, investment banking and investment management. Further, Capital Securities has obtained the license for securities and futures dealing, investment and management issued by the China Securities Regulatory Commission in the PRC, enhancing the scope of business and products offered to its customers. The ultimate actual controller of Capital Securities is Beijing SASAC.

The Custodian Bank

The Custodian Bank is a joint stock limited company incorporated in the PRC with limited liability. It is principally engaged in the provision of banking and related financial services, with principal businesses in the areas of corporate banking, retail banking and treasury operations. Its treasury operations include, among others, interbank money market transactions, foreign exchange trading and government and bond trading and investment. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Custodian Bank and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

IX. GENERAL INFORMATION

The Company intends to submit the entering into of the Supplemental Agreement to the AGM for Independent Shareholders to consider and, if appropriate, to approve. To the best of the Company's knowledge, save for Capital Group (which holds the voting rights attached to 124,839,974 Shares of the Company (representing approximately 63.27% of the Company's issued share capital)), there is no other Shareholder who has material interests in the above matter and is required to abstain from voting at the AGM on the relevant resolution in relation to the approval of the above matter.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the entering into of the Supplemental Agreement. The Independent Financial Adviser, Gram Capital, has been engaged by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing (among other things) (i) particulars of the entering into of the Supplemental Agreement; (ii) a letter of recommendations from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice of the AGM is expected to be dispatched to the Shareholders on or before 25 May 2023, which is beyond 15 business days after the publication of this announcement as additional time is required for the Company to prepare the circular and other relevant documents for the AGM.

X. DEFINITIONS

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

“AGM”	the 2022 annual general meeting to be convened by the Company on 16 June 2023
“associate(s)”	has the meaning ascribed under the Listing Rules
“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 (北京青年報社), comprising public institution division and enterprise division
“Capital Group”	Beijing Capital Group Co., Ltd. (北京首都創業集團有限公司), the actual controller of the Company
“Capital Securities”	Capital Securities Co., Ltd. (首創證券股份有限公司)
“China Bond rating”	the bond rating by China Central Depository & Clearing Co., Ltd. (CCDC), which is different with bond rating of external rating institutions due to different rating basis. Therefore, based on the industrial practice, the bond rating under the Single Asset Management Contract excludes that of CCDC
“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 under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Custodian Bank”	Beijing Branch of Bank of Communications Co., Ltd.
“Director(s)”	the directors of the Company
“Entrusted Assets”	the entrusted assets managed by Capital Securities for the Company under the Scheme pursuant to the Single Asset Management Contract

“Extended Period”	the period from 17 June 2023 to 16 June 2026
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent board committee comprising all the independent non-executive Directors, who have no material interest in the transactions contemplated under the Single Asset Management Contract, namely Ms. Shi Hongying, Mr. Chan Yee Ping, Michael, Ms. Du Guoqing, and Mr. Kong Weiping aiming to provide advice to Independent Shareholders on the entering into of the Supplemental Agreement
“Independent Financial Adviser”	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 entering into of the Supplemental Agreement
“Independent Shareholders”	shareholders who have no material interest in the transactions under the Supplemental Agreement and are not required to abstain from voting on the relevant resolution at the general meeting
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Proposed Annual Cap”	during the Extended Period of the Single Asset Management Contract, the maximum daily balance of the Entrusted Assets managed by Capital Securities shall not exceed RMB200 million
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	the open-ended, fixed-income single asset management scheme provided by Capital Securities to the Company under the Single Asset Management Contract
“Shareholders”	the shareholders of the Company
“Single Asset Management Contract”	the single asset management contract for Capital Securities — Beijing Media Single Asset Scheme entered into by the Company, Capital Securities and the Custodian Bank dated 19 April 2022 and extended on 25 April 2023 pursuant to the Supplemental Agreement

“Supplemental
Agreement”

the supplemental agreement to the Single Asset
Management Contract dated 25 April 2023 entered into by
the Company, Capital Securities and the Custodian Bank

By Order of the Board
Beijing Media Corporation Limited
Sun Baojie
Chairman

Beijing, the PRC
25 April 2023

As at the date of this announcement, the Board comprises: the executive directors of the Company, Jing Enji and Wu Min; the non-executive directors of the Company, Sun Baojie, Cui Ping, Xu Jian, Wang Zechen and Zhang Lei; and the independent non-executive directors of the Company, Shi Hongying, Chan Yee Ping, Michael, Du Guoqing and Kong Weiping.

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