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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)**

**PROPOSED APPOINTMENT AND RE-ELECTION OF DIRECTORS  
PROPOSED RE-ELECTION OF SHAREHOLDER REPRESENTATIVE  
SUPERVISORS  
VERY SUBSTANTIAL ACQUISITION AND CONTINUING CONNECTED  
TRANSACTION  
IN RELATION TO THE SINGLE ASSET MANAGEMENT CONTRACT  
AND  
NOTICE OF AGM**

**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 4 to 24 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 25 to 26 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 27 to 45 of this circular.

A notice convening the AGM to be held at 2:00 p.m on Friday, 17 June 2022 at the 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 78 to 82 of this circular. Whether or not you are able to attend the AGM, 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 AGM 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 AGM or any adjournment thereof should you so desire.

26 May 2022

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## DEFINITIONS

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

“AGM”	the 2021 annual general meeting to be convened by the Company on 17 June 2022
“Articles of Association”	the articles of association of the Company
“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
“Bond Repurchase Business”	a bond-based short-term capital financing business, including pledged repurchase (質押式回購) and outright repurchase (買斷式回購). The bond holder (positive repurchase party) pledges or sells the bond to the bond buyer (reverse repurchase party), and the two parties agree that on a future date, the positive repurchase party will buy back an equal amount of the same bond from the reverse repurchase party at a pre-agreed price. The specific transaction period is subject to the regulations of the People’s Bank of China
“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)
“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 usually 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

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## DEFINITIONS

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“Custodian Bank”	Beijing Branch of Bank of Communications Co., Ltd.
“Director(s)”	the directors of the Company
“Entrusted Assets”	the entrusted assets managed by the Capital Securities for the Company under the Scheme pursuant to the Single Asset Management Contract
“Group”	the Company and its subsidiaries
“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 contemplated under the Single Asset Management Contract, 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 transactions contemplated under the Single Asset Management Contract and the Proposed Annual Cap
“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 transactions contemplated under the Single Asset Management Contract and the Proposed Annual Cap
“Independent Shareholders”	shareholders who have no material interest in the transactions contemplated under the Single Asset Management Contract and are not required to abstain from voting on the relevant resolution at the AGM
“Latest Practicable Date”	20 May 2022, 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 The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Proposed Annual Cap”	during the validity period of the Single Asset Management Contract (namely within one year from 17 June 2022), the maximum daily balance of the Entrusted Assets managed by Capital Securities shall not exceed RMB200 million

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## DEFINITIONS

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“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	the open-end, fixed-income single asset management scheme provided by Capital Securities to the Company under the Single Asset Management Contract
“SFO”	the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Single Asset Management Contract”	the Single Asset Management Contract for the Capital Securities - Beijing Media Single Asset Management Scheme entered into by the Company, Capital Securities and Custodian Bank dated 19 April 2022
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company



**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

26 May 2022

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED APPOINTMENT AND RE-ELECTION OF DIRECTORS  
PROPOSED RE-ELECTION OF SHAREHOLDER REPRESENTATIVE  
SUPERVISORS  
VERY SUBSTANTIAL ACQUISITION AND CONTINUING CONNECTED  
TRANSACTION  
IN RELATION TO THE SINGLE ASSET MANAGEMENT CONTRACT  
AND  
NOTICE OF AGM**

**I. INTRODUCTION**

As the term of office of the seventh session of the Board will expire at the date of the AGM and Mr. Shang Da, Ms. Yang Qing and Mr. Cui Enqing, each as a Director of the seventh session of the Board, will retire from their current positions as Directors from the

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## LETTER FROM THE BOARD

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date of the AGM, on 19 April 2022, the Board resolved to, (i) propose to appoint Ms. Wu Min as an executive Director of the eighth session of the Board; (ii) propose to appoint Mr. Zhang Lei as a non-executive Director of the eighth session of the Board; (iii) propose to appoint Mr. Kong Weiping as an independent non-executive Director of the eighth session of the Board; and (iv) propose to re-elect other Directors of the current session of the Board as Directors of the eighth session of the Board, including propose to re-elect Mr. Xu Jian as an executive Director of the eighth session of the Board; propose to re-elect Mr. Su Zhaohui, Ms. Cui Ping, Mr. Jing Enji and Mr. Wang Zechen as non-executive Directors of the eighth session of the Board; and propose to re-elect Ms. Shi Hongying, Mr. Chan Yee Ping, Michael and Ms. Du Guoqing as independent non-executive Directors of the eighth session of the Board.

As the term of office of the seventh session of the Supervisory Committee will expire at the date of the AGM, on 19 April 2022, the Supervisory Committee proposed to re-elect Mr. Liu Huibin and Ms. Li Xiaomei, the shareholder representative Supervisors of the current session of the Supervisory Committee, as the shareholder representative Supervisors of the eighth session of the Supervisory Committee.

Pursuant to the Articles of Association, the above proposed appointment and re-election of Directors, and proposed re-election of shareholder representative Supervisors are subject to the approval by the Shareholders at the AGM of the Company by way of ordinary resolutions. The term of office of Directors of the eighth session of the Board will take effect from the date of the AGM until the expiry of the term of office of the eighth session of the Board. The term of office of Supervisors of the eighth session of the Supervisory Committee will take effect from the date of the AGM until the expiry of the term of office of the eighth session of the Supervisory Committee.

To increase the cash revenue of the Group, the Company entered into the Single Asset Management Contract with Capital Securities and the Custodian Bank on 19 April 2022 to effectively manage existing idle funds through conducting low-risk investment activities without affecting the ordinary operating liquidity of the Group. Pursuant to the Single Asset Management Contract, the Company will entrust Capital Securities to provide asset management and investment services for the Entrusted Assets, effective from the date of approval by the Independent Shareholders at the AGM for a period of one year. The Board recommended that, within the validity period of the Single Asset Management Contract, the maximum daily balance of the Entrusted Assets managed by Capital Securities shall not exceed RMB200 million.

Capital Securities is a subsidiary of Capital Group, the substantial Shareholder of the Company, therefore, Capital Securities is an associate of Capital Group and a connected person of the Company, and the transactions under the Single Asset Management Contract constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The transactions under the Single Asset Management Contract 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 transactions thereunder exceed 100%, the transactions thereunder also constitute a very substantial acquisition of the Company. Accordingly, the transactions under the Single

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## LETTER FROM THE BOARD

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Asset Management Contract and the Proposed Annual Cap are subject to the reporting, announcement, circular and independent shareholders' approval requirement under Chapter 14 and Chapter 14A of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) particulars of the proposed appointment and re-election of Directors and proposed re-election of shareholder representative Supervisors; (ii) particulars of the Single Asset Management Contract; and (iii) a notice of the AGM.

### II. PROPOSED APPOINTMENT AND RE-ELECTION OF DIRECTORS

The term of office of the seventh session of the Board of the Company will expire at the date of the AGM. Mr. Shang Da as an executive Director, Ms. Yang Qing as a non-executive Director, and Mr. Cui Enqing as an independent non-executive Director of the seventh session of the Board, will retire from the Director positions after the expiration of the term of office.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Shang Da, Ms. Yang Qing and Mr. Cui Enqing for their valuable contributions to the Company during their tenure of service.

On 19 April 2022, the Board resolved to:

- (i) propose to appoint Ms. Wu Min as an executive Director of the eighth session of the Board;
- (ii) propose to appoint Mr. Zhang Lei as a non-executive Director of the eighth session of the Board;
- (iii) propose to appoint Mr. Kong Weiping as an independent non-executive Director of the eighth session of the Board; and
- (iv) propose to re-elect other Directors of the current session of the Board as the Directors of the eighth session of the Board, including propose to re-elect Mr. Xu Jian as an executive Director of the eighth session of the Board; propose to re-elect Mr. Su Zhaohui, Ms. Cui Ping, Mr. Jing Enji and Mr. Wang Zechen as non-executive Directors of the eighth session of the Board; and propose to re-elect Ms. Shi Hongying, Mr. Chan Yee Ping, Michael and Ms. Du Guoqing as independent non-executive Directors of the eighth session of the Board.

In identifying the above independent non-executive Director candidates, the Board has taken into consideration of their respective past performance, independence, technical skills, educational background, knowledge and experience based on the recommendation of Capital Group, a Shareholder of the Company and the nomination of the Nomination Committee of the Board of the Company. Ms. Shi Hongying, Mr. Chan Yee Ping, Michael, Ms. Du Guoqing and Mr. Kong Weiping have extensive experience in different areas, including law, accounting, corporate governance and advertising and media. In addition, their respective educational background, academic practice and working experience enable



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## LETTER FROM THE BOARD

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them to provide valuable opinions and perspectives and contribute to the diversity of the Board. None of the above independent non-executive Director candidates holds a position as a director in seven or more than seven listed companies and therefore they are able to devote sufficient time to perform their responsibilities as independent non-executive Directors of the Company. The above independent non-executive Director candidates have all submitted their confirmation letter of independence to the Company under Rule 3.13 of the Listing Rules, and the Board is of the view that they have all satisfied the requirement of independence as set out in Rule 3.13 of the Listing Rules.

Pursuant to the Articles of Association, the above proposed appointment and re-election of Directors are subject to the approval by the Shareholders at the AGM by way of ordinary resolutions. The term of office of Directors of the eighth session of the Board will take effect from the date of the AGM until the expiry of the term of office of the eighth session of the Board. The term of each session of the Board is three years.

Biographical details of the above Director candidates of the eighth session of the Board are set out in Appendix I to this circular.

Subject to the appointment of the above Director candidates as Directors being approved by the Shareholders, the Company will enter into a service contract with each of them. The term of office of Director candidates as Directors will be from the date of approval by the Shareholders at the AGM until the expiry of the term of office of the eighth session of the Board, subject to re-election upon the expiry of their term of office pursuant to the Articles of Association.

Director candidates, Mr. Su Zhaohui, Mr. Xu Jian, Ms. Cui Ping and Mr. Jing Enji, will not receive any remuneration from the Company. Other Director candidates' remuneration packages will be determined by the remuneration committee of the Board who is proposed to be authorized by the Shareholders at the AGM by taking into account, among other matters, their terms of reference, their duties and responsibilities in the Company.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders or any information in relation to the appointment of Director candidates that need to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

### **III. PROPOSED RE-ELECTION OF SHAREHOLDER REPRESENTATIVE SUPERVISORS**

As the term of office of the seventh session of the Supervisory Committee will expire at the date of the AGM, on 19 April 2022, the Supervisory Committee proposed to re-elect Mr. Liu Huibin and Ms. Li Xiaomei, the shareholder representative Supervisors of the current session of the Supervisory Committee, as the shareholder representative Supervisors of the eighth session of the Supervisory Committee.

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## LETTER FROM THE BOARD

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Pursuant to the Articles of Association, the above proposed re-election of shareholder representative Supervisors are subject to the approval by the Shareholders at the AGM by way of ordinary resolutions. The term of office of Supervisors of the eighth session of the Supervisory Committee will take effect from the date of the AGM until the expiry of the term of office of the eighth session of the Supervisory Committee. The term of each session of the Supervisory Committee is three years.

Biographical details of the above shareholder representative Supervisor candidates of the eighth session of the Supervisory Committee are set out in Appendix II to this circular.

Subject to the appointment of the above shareholder representative Supervisor candidates as Supervisors being approved by the Shareholders, the Company will enter into a service contract with each of them. The term of office of shareholder representative Supervisor candidates as Supervisors will be from the date of approval by the Shareholders at the AGM until the expiry of the term of office of the eighth session of the Supervisory Committee, and they can be subject to re-election upon the expiry of their term of office pursuant to the Articles of Association.

Shareholder representative Supervisor candidates, Mr. Liu Huibin and Ms. Li Xiaomei, will not receive remuneration from the Company.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders or any information in relation to the appointment of shareholder representative Supervisor candidates that need to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

#### **IV. VERY SUBSTANTIAL ACQUISITION AND CONTINUING CONNECTED TRANSACTION**

##### **1. Single Asset Management Contract**

Major terms of the Single Asset Management Contract are set out below:

Date: 19 April, 2022

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

Term of the Scheme: The term of the Scheme shall be one year, which may be terminated early or be renewed by entering into memorandum or supplemental agreement based on actual operation.

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## LETTER FROM THE BOARD

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Entrusted Assets: The initial value of the Entrusted Assets shall not be less than RMB10 million. Within the validity period of the Single Asset Management Contract, the Company shall have the right to add to or withdraw from the Entrusted Assets, and no restriction on the maximum amount of redemption for each 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 the Company 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.

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## LETTER FROM THE BOARD

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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 corporate rating (without considering China Bond rating) or bond rating with at least one rating is 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 corporate 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.

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## LETTER FROM THE BOARD

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Within 6 months from the date on operating 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 6 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; (4) in terms of cost, 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, treasury 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.

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## LETTER FROM THE BOARD

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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 5 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 share 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 10 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.

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## LETTER FROM THE BOARD

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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)**”);

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## LETTER FROM THE BOARD

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- 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.



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## LETTER FROM THE BOARD

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### *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.

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## LETTER FROM THE BOARD

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Effectiveness: The Single Asset Management Contract will be established once it is signed by the Company, Capital Securities and the Custodian Bank and the official seal/special seal for contractual purpose is affixed. Upon the establishment of the contract, it will not be effective unless all the following conditions have been satisfied: (1) the Company participates in the actual delivery of funds as confirmed; (2) the Scheme is established; and (3) the Company performs approvals and disclosure procedures relating to the Single Asset Management Contract and transactions contemplated thereunder in accordance with the Listing Rules.

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.

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## LETTER FROM THE BOARD

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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.

### **2. Pricing Policy and Proposed Annual Cap**

The management fee and performance fee payable by the Company to Capital Securities under the Single Asset Management Contract was concluded after arm's length negotiation between the parties, taking into account the following factors. Accordingly, the Company believes that the pricing policies for management fees and performance fee are based on normal commercial terms, and are fair and reasonable:

- (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 annualized return rate of the accrual basis of the performance fee of 3.3% to 3.5%, and the ratio of the excess portion of the accrual ratio of performance fees of 50% 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;
- (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% per annum) 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

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## LETTER FROM THE BOARD

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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 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. 50%).

The custodial fee (i.e. 0.05% annual rate) payable by the Company to the Custodian Bank under the Single Asset Management Contract was concluded after arm's length negotiation between the parties, taking into account the following factors. Accordingly, the Company believes that the pricing policy for custody fee is based on normal commercial terms, and are fair and reasonable:

- (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.

It is proposed by the Board that during the validity period of the Single Asset Management Contract, namely within one year from the date of approval by the Shareholders of the Single Asset Management Contract at the AGM (being 17 June 2022), the maximum daily balance of 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) in addition to the Group's daily operating capital, the Group has available funds for investment management of approximately RMB190 million, including the Group's existing idle funds of approximately RMB180 million and the estimated idle earnings of approximately RMB10 million through investments in funds and equity and other methods each year;

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## LETTER FROM THE BOARD

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- (2) the comparison between the estimated investment returns of Entrusted Assets under the Single Asset Management Contract and other returns receivable by the Group through other methods of investment (including time deposit, agreement deposit and current deposit); and
- (3) the intended benchmark interest rate in the Scheme under the Single Asset Management Contract will be 3.8% each year.

### **3. Reasons for entering into Single Asset Management Agreement**

To increase the cash revenue of the Group, the Company intends to enter into the Single Asset Management Contract with Capital Securities and the Custodian Bank to effectively manage existing idle fund through conducting low-risk investment activities without affecting the ordinary operating liquidity.

Under the Single Asset Management Contract, the accrual basis of performance fee is higher than the return rate of bank demand deposits (no more than 2.5%/year) which is the previous method to manage idle funds by the Group. Despite of the coexistence of revenue and risks in the wealth management products and no promise of principal guaranteed policy restriction for the products, the Company, 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 4.2% and 4.5% for single asset management products of Capital Securities in the past one year and the past three years respectively; (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; and (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, 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 Single Asset Management Contract and the transactions contemplated thereunder, despite not

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## LETTER FROM THE BOARD

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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.

#### 4. 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 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 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;

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## LETTER FROM THE BOARD

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- (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.

Taking into account of 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 the detailed and explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the above agreements. The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the independent financial adviser) are of the view that such methods and procedures can ensure that the transactions contemplated under the above agreements will be conducted on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

### **5. 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 Single Asset Management Contract constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The transactions under the Single Asset Management Contract 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 transactions thereunder exceed 100%, the transactions thereunder also constitute a very substantial acquisition of the Company.

Accordingly, the transactions under the Single Asset Management Contract and the Proposed Annual Cap are subject to the reporting, announcement, annual review and independent shareholders' approval requirement under Chapter 14 and Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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Save for Mr. Su Zhaohui, Mr. Xu Jian, Ms. Cui Ping and Mr. Jing Enji (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 Single Asset Management Contract, 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).

### **6. General Information of 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.

#### *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.

### **V. AGM**

A notice convening the AGM to be held at the 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, 17 June 2022, is set out on pages 78 to 82 of this circular.



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## LETTER FROM THE BOARD

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Votes on the resolutions to be proposed at the AGM 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 Beijing Youth Daily and its beneficial owner on 20 May 2021. Capital Group, as the controller of Capital Securities, the counterparty to the Single Asset Management Contract, has a material interest in the transactions under the Single Asset Management Contract, and therefore Capital Group and its associates (totally holding voting right attached to 124,839,974 shares of the Company, representing approximately 63.27% of the total issued share capital of the Company), are required to abstain from voting on the relevant resolutions at the AGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Capital Group, there is no other Shareholder who has material interests in the Single Asset Management Contract and the transactions thereunder and is required to abstain from voting on the relevant resolution at the AGM.

Whether or not you are able to attend the AGM, 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 AGM 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 AGM or any adjournment thereof should you so wish.

### **VI. RECOMMENDATION**

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 terms of the Single Asset Management Contract and the transactions thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Therefore, the Directors recommend the Independent Shareholders to vote in favour of the resolution in relation to the transactions under the Single Asset Management Contract and the relevant annual cap.

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## LETTER FROM THE BOARD

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### VII. OTHER INFORMATION

Your attention is also drawn to (i) the Letter from the Independent Board Committee set out in this circular which contains the transaction under the Single Asset Management Contract and the relevant annual cap, and the recommendations of the Independent Board Committee to the Independent Shareholders; 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 same, and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice.

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

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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 transactions under the Single Asset Management Contract and the relevant annual cap, 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)**

26 May 2022

*To the Independent Shareholders*

Dear Sir or Madam,

### **VERY SUBSTANTIAL ACQUISITION AND CONTINUING CONNECTED TRANSACTION IN RELATION TO THE SINGLE ASSET MANAGEMENT CONTRACT**

We refer to the circular of the Company dated 26 May 2022 (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 transactions under the Single Asset Management Contract and the relevant annual cap (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 transactions under the Single Asset Management Contract and the relevant annual cap. 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 27 to 45 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 24 of the Circular and the additional 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 transactions under the Single Asset Management Contract, (ii) the discussion with the management of the Company about the background to and nature of the transactions under the Single Asset Management Contract, (iii) the reasons for the relevant cap and the basis upon which it has been determined, (iv) the business and financial effects of the transactions under the Single Asset Management Contract, 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 transactions under the Single Asset Management Contract (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; and (iii) although not entered into in the ordinary and usual course of business of the Group, is fair and reasonable and in the interests of Company and the Shareholders as a whole; and that the relevant annual cap is 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 AGM so as to approve the transactions under the Single Asset Management Contract and the relevant annual cap.

Yours faithfully,

For and on behalf of the Independent Board Committee of

**Beijing Media Corporation Limited**

*Independent Non-executive Directors*

**Cui Enqing**

**Shi Hongying**

**Chan Yee Ping, Michael**

**Du Guoqing**

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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

26 May 2022

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

Dear Sir/Madam,

### **VERY SUBSTANTIAL ACQUISITION AND 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 Single Asset Management Contract (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 26 May 2022 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 19 April 2022, the Company entered into the Single Asset Management Contract with Capital Securities and the Custodian Bank. Pursuant to the Single Asset Management Contract, the Company will entrust Capital Securities to provide asset management and investment services for the Entrusted Assets, effective from the date of approval by the Independent Shareholders at the AGM for a period of one year. The Board recommended that, within the validity period of the Single Asset Management Contract, the maximum daily balance of the Entrusted Assets managed by Capital Securities shall not exceed RMB200 million.

With reference to the Board Letter, the Transactions constitute very substantial acquisition and 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.

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## LETTER FORM THE INDEPENDENT FINANCIAL ADVISER

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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) 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 AGM. 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

Gram Capital was engaged as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to (i) continuing connected transactions (details of which are set out in the Company's circular dated 15 December 2021); and (ii) continuing connected transactions (details of which are set out in the Company's circular dated 31 March 2022). Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company relating to any transaction of the Company with executed agreement during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagements, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagements were only independent financial adviser engagements and will not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent to act as the Independent Financial Adviser.

### 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

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## LETTER FORM THE INDEPENDENT FINANCIAL ADVISER

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confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Single Asset Management Contract. 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.

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, Capital Securities and the Custodian Bank 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.

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## LETTER FORM THE INDEPENDENT FINANCIAL ADVISER

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Set out below are the audited consolidated financial information of the Group for two years ended 31 December 2021 as extracted from the Company's annual report of the Company for the year ended 31 December 2021 (the "2021 Annual Report"):

	<b>For the year ended 31 December 2021 ("FY2021") (RMB'000)</b>	<b>For the year ended 31 December 2020 ("FY2020") (RMB'000)</b>	<b>Change from 2020 to 2021 %</b>
Total operating income	187,552	217,291	(13.69)
Net loss attributable to Shareholders of the Company	(64,159)	(130,176)	(50.71)

As illustrated in the above table, the Group's total operating income for FY2021 represented a decrease of approximately 13.69% as compared to that for FY2020. As stated in the 2021 Annual Report, the aforesaid decrease was mainly attributable to (1) a decrease of advertising income, which was mainly due to the fact that COVID-19 pandemic continued to have a great impact on the global economy, and the new media and the change of public's reading habit influence the traditional media; (2) a decrease of paper trading income which was mainly due to the effect of the industry environment, the shrinking printing market and the decline in paper market demand as results of the influence of the swift development in new media.

The Group recorded net loss attributable to shareholders of the Company of approximately RMB64.16 million for FY2021, representing a substantial decrease of approximately 50.71% as compared to the corresponding period in 2020, which was mainly due to (1) an increase of investment income, among which approximately RMB19.92 million was contributed by Runxin Dingtai Fund and approximately RMB0.38 million by Suzhou Huaying Fund; (2) a decrease of approximately RMB72.50 million from bad debt provision and asset impairment.

### Information on Capital Securities

With reference to the Board Letter, Capital Securities is a joint stock limited company incorporated in the PRC with limited liability and a subsidiary of Capital Group (who 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 Capital Group and BYDA and its beneficial owner on 20 May 2021), 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.



**Information on the Custodian Bank**

With reference to the Board Letter, 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.

**Reasons for and benefits of the Transactions**

With reference to the Board Letter, to increase the cash revenue of the Group, the Company intends to enter into the Single Asset Management Contract with Capital Securities and the Custodian Bank to effectively manage existing idle fund through conducting low-risk investment activities without affecting the ordinary operating liquidity. Despite of no promise of principal guaranteed policy restriction for the products, the Company, 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; (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 the 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; and (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, the Directors are of the view that the Single Asset Management Contract 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.

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## LETTER FORM THE INDEPENDENT FINANCIAL ADVISER

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According to Capital Securities' prospectus (application version), annualised average investment return of single asset management as managed by Capital Securities were 5.90% for 2018 (86 single asset management products as at the end of this period), 6.62% for 2019 (74 single asset management products as at the end of this period), 5.68% for 2020 (49 single asset management products as at the end of this period) and 5.63% for January 2021 to September 2021 (53 single asset management products as at the end of this period) respectively. For the aforesaid periods, banks deposit rates available to the Group were below 2.5%.

Having considered the above factors and our analyses on the pricing policy of the Single Asset Management Contract below (which is fair and reasonable), we consider that although the Transactions are not conducted in the ordinary and usual course of business of the Group, the Transactions are in the interests of the Company and the Shareholders as a whole.

### **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 "THE SINGLE ASSET MANAGEMENT CONTRACT".

Date:	19 April 2022
Parties:	(1) the Company (as entrustor); (2) Capital Securities (as manager); and (3) the Custodian Bank (as custodian).
Term of the Scheme:	The term of the Scheme shall be one year, which may be terminated early or be renewed by entering into memorandum or supplemental agreement based on actual operation.

### ***Entrusted Assets:***

The initial value of the Entrusted Assets shall not be less than RMB10 million. Within the validity period of the Single Asset Management Contract, the Company shall have the right to add to or withdraw from the Entrusted Assets, and no restriction on the maximum amount of redemption for each 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.

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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 the Company 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 corporate rating (without considering China Bond rating) or bond rating with at least one rating is 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 corporate 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 be directly invest in credit assets of commercial banks or finance local government and its delegates in violation of regulations.

Within 6 months from the date on operating 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 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 6 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; (4) in terms of cost, 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, treasury bonds, central bank bills, policy financial bonds, local government bonds and other investment products

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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.

As advised by the Directors the Company has adopted short-term investment policy to better manage its cash on hand. We obtained and reviewed such policy. The principal terms of the short-term investment policy are as follows:

	<b>Short-term investment policy</b>	<b>Single Asset Management Contract</b>
Legality	Fund management should be of legality, in compliance with the relevant laws, regulations and internal policies, and strictly under the authorized area	Pursuant to the Single Asset Management Contract, Capital Securities undertook that Capital Securities will manage and operate the Entrusted Assets with
Prudency	Fund management should be planned and solidly managed, with no impact on fund requirements during normal business	responsibility, honesty, prudence and diligence in accordance with 《中華人民共和國證券投資基金法》 (The Securities Investment Fund Law of the People's Republic of China*).
Security	Investment in the high-risk products and speculation in stocks are forbidden	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 corporate rating (without considering China Bond rating) or bond rating with at least one rating is 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 corporate rating shall be AA or above), and the issuers of all such bonds shall be state-owned holding enterprises.
Liquidity	Fund should be invested in products with high liquidity. Investment in the products which have very long terms or are difficult to sell are forbidden. Fund shall be further added or redeemed at any time	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.
Efficiency	The utilisation of fund should be low risk and high liquidity; aim for security, sustainability and return which is higher than opportunity cost and to maximise benefit	
Investment products	Investment products may include cash products (such as bank saving deposits, time deposit with term of less than six months, government bonds and the People's Bank of China bills with maturity of less than one year and with good liquidity, etc.), fixed income products (such as treasury bonds, the People's Bank of China bills, local government debts, commercial bank bonds, medium-term bills, corporate bonds, floating-interests bonds, etc.) and other products acceptable to the Company	

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	Short-term investment policy	Single Asset Management Contract
Investment period	Less than one year for a single product in principle	The term of the Scheme shall be one year, which may be terminated early or be renewed by entering into memorandum or supplemental agreement based on actual operation.
Cooperated institutions	In deciding the institutions for cooperation, their creditability, asset management experience, risk management measures, management fees, etc. should be considered comprehensively	Please refer to section headed “Information on Capital Securities” of this letter.

Based on the above, the investment scope of the Single Asset Management Contract is in line with the requirements set out by the Company’s short-term investment policy.

### *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.

### *Charges under the Scheme:*

The Company shall pay:

#### *A. 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.

(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)**”);

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- 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 annualized 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.*

With reference to the Board Letter, the management fee and performance fee payable by the Company to Capital Securities under the Single Asset Management Contract was concluded after arm's length negotiation between the parties, taking into account the following factors. Accordingly, the Company believes that the pricing policies for management fees and performance fee are based on normal commercial terms and are fair and reasonable:

- (i) 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 3.3% to 3.5%, and the ratio of the excess portion of the accrual ratio of performance fees of 50% 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;

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- (ii) 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% per annum) currently charged by Capital Securities to independent third parties for asset management and investment services of similar nature and amount;
- (iii) 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 market yield of similar single asset management scheme by securities companies in the market; and
- (iv) 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. 50%).

Upon our request, the Directors provided us documents showing quotations offered by two comparable independent financial institutions in China licensed by the CSRC with C rating or above for asset management and investment services in similar nature and amounts involved. As further advised by the Directors, before obtaining of the quotations from the two comparable independent financial institutions, the Company conducted the following works:

- the Company approached a tier-one independent financial institution for asset management services according to the Company's own contact. However, as the Company considered the risk of proposals for the asset management services to be provided by the independent financial institution would be higher, the Company did not continue approaching;
- the Company obtained contacts of three comparable independent financial institutions by referral (one of which did not provide quotation); and
- the Company approached several commercial banks for asset management services and obtained quotations for wealth management products. As the wealth management products were not customized and subject to a maximum total issued amount (i.e. the Company may purchase less amounts if other investors subscribed a larger proportion of such wealth management products), the Directors considered such quotations may not be comparable to the proposed fees contemplated under the Single Asset Management Contract.

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Details of the quotations offered by the two comparable independent financial institutions are as follows:

	Management fee	Performance fee	Accrual basis
Independent financial institutions A	0.4%	50%	3.3%
Independent financial institutions B	0.3%	60%	3.5%
Capital Securities	0.2%	30%	3.8%

In addition, we also noted from prospectus (application version) of Capital Securities that quotations offered by Capital Securities to independent third party clients for asset management services in respect of single asset management were as follows:

		Management fee	Performance fee	Accrual basis
<b>For the year ended</b>	Clients (not connected persons)	0–3.0%	0–60%	0–7.5%
<b>31 December 2018</b>	Clients (connected persons)	0–0.2%	0–40%	0–4%
<b>For the year ended</b>	Clients (not connected persons)	0–3.0%	0–60%	0–7.5%
<b>31 December 2019</b>	Clients (connected persons)	0–0.15%	0–30%	0–4%
<b>For the year ended</b>	Clients (not connected persons)	0–2.4%	0–60%	3.8%–7.5%
<b>31 December 2020</b>	Clients (connected persons)	0–0.2%	0–30%	3.8%–4%
<b>For the nine months ended</b>	Clients (not connected persons)	0–2.4%	0–60%	3.8%–7.0%
<b>30 September 2021</b>	Clients (connected persons)	0–0.2%	0–30%	3.8%–4%
<b>Single Asset Management Contract</b>		0.2%	30%	3.8%

According to the above table, the management fee, performance fee and accrual basis offered by Capital Securities under the Single Asset Management Contract fell within the range of those offered by Capital Securities to its clients (including both connected persons and not connected persons of Capital Securities).

We further noted that (i) the management fee offered by Capital Securities under the Single Asset Management Contract (i.e. 0.2% per annum) was higher than the management fee offered by Capital Securities to its clients (who are connected persons of Capital Securities) for the year ended 31 December 2019 (i.e. 0–0.15% per annum); (ii) the management fee and performance fee offered by Capital Securities under the Single Asset Management Contract were at the upper limit of the range of those offered by Capital Securities to its clients (who are connected persons of Capital Securities) for the year ended 31 December 2020 and nine months ended 30 September 2021; and (iii) the accrual basis offered by Capital Securities under the Single Asset Management Contract was at the lower limit of the range of those offered by Capital Securities to its clients (who are connected persons of Capital Securities) for the year ended 31 December 2020 and nine month ended 30 September 2021. We consider the



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aforesaid facts will not affect our view on the management fee, performance fee and accrual basis offered by Capital Securities under the Single Asset Management Contract after the following works/analyses:

- we further noted from the prospectus (application version) of Capital Securities that (i) there were four single asset management plan (the “**Recent Years Plans**”) formed (to its clients who are connected persons of Capital Securities) during the period from 1 January 2020 to 30 September 2021; (ii) management fee of all four Recent Years Plans was 0.2% per annum; (iii) performance fee of all four Recent Years Plan was 30% of the excess portion (which ranged from 3.8% to 4.0% (i.e. accrual basis)). The range of the aforesaid accrual basis (i.e. 3.8% to 4.0%) was narrow.

Based on the above, the management fee, performance fee and accrual basis offered by Capital Securities under the Single Asset Management Contract were at the same level to those offered by Capital Securities to its clients (who are connected persons of Capital Securities) for the period from 1 January 2020 to 30 September 2021, being a more recent period.

- Furthermore, we also noted that Beijing Capital Land Ltd. (首創置業股份有限公司, “**Capital Land**”) (previously listed on the Stock Exchange with stock code of 2868) entered into an asset management agreement with Capital Securities and the Custodian Bank in May 2020 (the “**Capital Land AM Agreement**”), pursuant to which Capital Securities shall provide asset management and investment services in respect of entrusted assets (i.e. the amount to be deposited in the company’s custodian account in the Custodian Bank, which shall not be more than RMB1,600,000,000) in accordance with the agreed investment scope and investment ratio. The investment scope comprises cash type products and fixed income type products such as bank deposits, money market funds, bonds, notes and asset-backed securities etc. The management fee, performance fee and accrual basis offered by Capital Securities to the Company were the same as those offered by Capital Securities to Capital Land pursuant to the Capital Land AM Agreement, but the maximum value of the amount to be deposited in the company’s custodian account in the Custodian Bank pursuant to the Capital Land AM Agreement is significantly higher than that pursuant to the Single Asset Management Contract.

Having considered the above, in particular, management fee, performance fee and accrual basis offered by Capital Securities under the Single Asset Management Contract (i) were more favourable than those offered by other two independent financial institutions; (ii) fell within the range of those offered by Capital Securities to its clients (including both connected persons and non-connected persons of Capital Securities); (iii) were at the same level to those offered by Capital Securities to its clients (who are connected persons of Capital Securities) for the period from 1 January 2020 to 30 September 2021; and (iv) the management fee, performance fee and accrual basis offered by Capital Securities to the Company were the same as those offered by

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Capital Securities to Capital Land pursuant to the Capital Land AM Agreement (the maximum value of the amount to be deposited in the company's custodian account in the Custodian Bank pursuant to the Capital Land AM Agreement is significantly higher than that pursuant to the Single Asset Management Contract), we are of the view that the management fee, performance fee and accrual basis offered by Capital Securities under the Single Asset Management Contract to be fair and reasonable.

*B. To the Custodian Bank*

A 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).

With reference to the Board Letter, the custodial fee (i.e. 0.05% annual rate) payable by the Company to the Custodian Bank under the Single Asset Management Contract was concluded after arm's length negotiation between the parties, taking into account the following factors. Accordingly, the Company believes that the pricing policy for custody fee is based on normal commercial terms, and are fair and reasonable:

- (i) 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;
- (ii) 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
- (iii) 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.

In addition to the above information, we also searched for custodial fees of 非公募基金 (Non-public Offering of Fund) with asset management products being fixed-income products from Wind Financial Terminal. As the original available funds for investment is RMB190 million, we set the scale of the comparable products with size ranging from RMB171 million to RMB209 million (i.e. 10% difference from the scale of the original available funds for investment under the Single Asset Management Contract) as at the date of the Single Asset Management Contract (the "**Comparable Products**"). Based on the information which we obtained from Wind Financial Terminal, there were 100 Comparable Products met our selection criteria and with available information, which were exhaustive as far as we were aware of. According to our findings, the custodial fees of the Comparable Products ranged from

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0.01% to 0.10%, with average of approximately 0.047%. The custodial fee under the Single Asset Management Contract of 0.05% fell within the aforesaid range and was close to the average.

Pursuant to the Capital Land AM Agreement, the Custodian Bank will charge a custodian fee, which is accrued daily and is payable on a quarterly basis, in respect of the entrusted assets calculated based on 0.03% (the “**CL Custodial Fee**”) per annum of the net asset value of the entrusted assets on the day prior to the payment of the custodian fee. Despite that the CL Custodial Fee (i.e. 0.03%) is lower than the Custodial Fee (i.e. 0.05%), having considered that (i) as mentioned above, the custodial fee is usually linked to the size of the product in that the smaller the product size is, the higher the fixed rate is; and (ii) the maximum amount of entrusted assets under the Capital Land AM Agreement (i.e. RMB1,600 million) is significant larger than the maximum amount of the Entrusted Assets (i.e. RMB200 million), we consider that it is justifiable that the CL Custodial Fee (i.e. 0.03%) is lower than the custodial fee under the Single Asset Management Contract (i.e. 0.05%).

Having considered that (i) 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 200 million) of Capital Securities ranges from 0.05% to 0.08%; (ii) the custodial fee under the Single Asset Management Contract of 0.05% fell within the aforesaid range of the Comparable Products and was close to the average; and (iii) it is justifiable that the CL Custodial Fee (i.e. 0.03%) is lower than the custodial fee under the Single Asset Management Contract (i.e. 0.05%), we are of the view that the custodial fee under the Single Asset Management Contract to be fair and reasonable.

We also noted that 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. We consider the effective implementation of the aforesaid procedures will ensure the fair pricing pursuant to the Single Asset Management Contract.

### ***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.

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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.

***Effectiveness:***

The Single Asset Management Contract will be established once it is signed by the Company, Capital Securities and the Custodian Bank and the official seal/special seal for contractual purpose is affixed. Upon the establishment of the contract, it will not be effective unless all the following conditions have been satisfied: (1) the Company participates in the actual delivery of funds as confirmed; (2) the Scheme is established; and (3) the Company performs approvals and disclosure procedures relating to the Single Asset Management Contract and transactions contemplated thereunder in accordance with the Listing Rules.

***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 or the CSRC.

**Proposed Annual Cap**

It is proposed by the Board that during the validity period of the Single Asset Management Contract, namely within one year from the date of approval by the Shareholders of the Single Asset Management Contract at the AGM (being 17 June 2022), the maximum daily balance of entrusted assets managed by Capital Securities under the Single Asset Management Contract is RMB200 million.

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When determining the above Proposed Annual Cap, the Directors considered the certain factors, details of which are set out under the section headed “Pricing Policy and Proposed Annual Cap” of the Board Letter.

The Proposed Annual Cap was mainly determined with reference to (i) original available funds for investment management of approximately RMB190 million (including the Group’s existing idle funds of approximately RMB180 million and the estimated idle earnings of approximately RMB10 million through investments in funds and equity and other methods each year); (ii) intended investment return of RMB7.22 million.

As at 31 December 2021, the Group recorded bank balances and cash of approximately RMB264.3 million.

According to the Group’s cash flow statement for the year ended 31 December 2021, the Group recorded cash inflows from operating activities of approximately RMB240.41 million (FY2020: approximately RMB232.01 million) and cash outflows from operating activities of approximately RMB237.80 million (FY2020: approximately RMB260.93 million), with net cash inflow from operating activities of approximately RMB2.61 million (FY2020: net cash outflow from operating activities of approximately RMB28.92 million). As at 31 December 2021, the Group’s bank balances and cash, excluding of the original available funds for investment of approximately RMB190 million, would be approximately RMB74.3 million. The adjusted bank balances and cash (i.e. RMB74.3 million) is sufficient to cover the Group’s operation assuming the upcoming cash flow of the operating activities remains at similar level as that for FY2021 or FY2020.

In addition, we noted that Beiqing Network Culture, being a wholly-owned subsidiary of the Company and as a limited partner, contributed a portion to establish Beijing Runxin Dingtai Investment Centre (Limited Partnership) (the “**Runxin Dingtai Fund**”) in 2013. Pursuant to the agreement, the Runxin Dingtai Fund expired on 25 November 2021 and entered into two-year liquidation period, during which all projects the Runxin Dingtai Fund will complete the exit. In 2021, the Runxin Dingtai Fund distributed the exit gains for the previous investments. The Group recorded investment income of approximately RMB19,923,000 for the year ended 31 December 2021. Therefore, we consider the estimated idle earnings of approximately RMB10 million as part of the original available funds for investment to be justifiable.

Based on the above, in particular, (i) Company’s existing idle funds of approximately RMB180 million; (ii) as mentioned above, the idle earnings of approximately RMB10 million as part of the original available funds for investment to be justifiable; and (iii) the adjusted bank balances and cash (i.e. RMB74.3 million) is sufficient to cover the Group’s operation assuming the upcoming cash flow of the operating activities remains at similar level as that for the year ended 31 December 2021, we are of the view that the original available fund for investment of RMB190 million are justifiable.

As mentioned above, the intended benchmark rate in the Scheme will be 3.8% each year, which is the same as annualized return rate as accrual basis of the performance fee charged by Capital Securities. The intended investment return of RMB7.22 million was calculated by RMB190 million x 3.8%.

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Based on the above factors and that the Proposed Annual Cap (RMB200 million) is close to the above analysed total estimated amounts of RMB197.22 million, we are of the view that the Proposed Annual Cap of RMB200 million is fair and reasonable.

Shareholders should note that as the Proposed Annual Cap 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 one year from the date of approval by the Shareholders of the Single Asset Management Contract at the AGM, 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 Cap.

We also noted that the Company's Finance Department and the Office of the Board will keep examining, monitoring, collecting and assessing the details of the continuing connected transactions under the 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 Single Asset Management Contract and the Proposed Annual Cap is not exceeded. We consider the effective implementation of the aforesaid internal control procedure will ensure the Proposed Annual Cap is not exceeded.

In light of the above, we consider that the terms of the Transactions (including the Proposed Annual Cap) 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 the Proposed Annual Cap for the Period; (ii) the terms of the 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 Cap, or that there is any proposed material amendment to the terms of the Transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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 (please also refer to section headed “Internal Control Measures” of the Board Letter for details) 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 Cap) are on normal commercial terms and are fair and reasonable; and (ii) although the Transactions are not conducted in the ordinary and usual course of business of the Group, the Transactions are in the interests of the Company and the Shareholders as a whole. 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 AGM 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.*

*The biographical details of the Director candidates of the eighth session of the Board are set out as follows:*

**Mr. Su Zhaohui**

Mr. Su Zhaohui, aged 53, is the chairman of the Board and a non-executive Director of the Company. He is currently a member of the standing committee of the Communist Party Committee and the deputy general manager of Beijing Capital Co., Ltd., the chairman of Capital Securities Co., Ltd. and the chairman of Beijing Tennis Competition Marketing Co., Ltd. Mr. Su is a senior economist and holds PRC Legal Professional Qualification Certificate and Enterprise Legal Adviser Qualification Certificate. Mr. Su successively obtained a bachelor's degree in law from the department of journalism of Huazhong University of Science and Technology and a master's degree in law from the school of law of Renmin University of China. From July 1991 to August 1998, Mr. Su worked at China Golden Newspaper, serving as the director of the No. 1 editorial office and the editorial director of China Golden Newspaper. From August 1998 to January 2004, Mr. Su worked at the State Gold Administration Bureau of the State Economic and Trade Commission, serving as the deputy director of the office (office of the Communist Party Committee) of the State Gold Administration Bureau of the State Economic and Trade Commission. From January 2004 to August 2011, Mr. Su worked at China National Gold Group Corporation, serving as the director of the office (office of the Communist Party Committee), the head of the legal affairs department and the general counsel of China National Gold Group Corporation. In August 2011, Mr. Su joined Beijing Capital Group Co., Ltd., successively serving as the deputy general manager, a member of the standing committee of the Communist Party Committee and deputy general manager. From August 2017 to March 2018, Mr. Su served as a non-executive director of Beijing Capital Land Ltd. concurrently. Since January 2021, Mr. Su has served as chairman of Beijing Tennis Competition Marketing Co., Ltd. concurrently. Since September 2021, Mr. Su has served as chairman of Capital Securities Co., Ltd. concurrently. Mr. Su was appointed as a Director and the chairman of the Board of the Company on 18 June 2021.

**Mr. Xu Jian**

Mr. Xu Jian, aged 39, is the secretary of general Party branch of the Company, an executive Director and the President of the Company. Mr. Xu successively obtained a bachelor's degree in computer science and technology from Zhejiang University and a master's degree in business administration from Guanghua School of Management of Peking University. From July 2005 to July 2013, Mr. Xu served as an engineer in the computer information department of Amway (China) Commodity Co., Ltd. and a senior manager in the underwriting and sponsoring branch in Beijing of Xiangcai Securities Co., Ltd. From July 2013 to June 2015, he served as the senior manager of the capital operation department of Beijing Capital Group Co., Ltd., and from July 2015 to January 2018, as the general manager of Chengdu Qian Feng Electronics Co., Ltd. (currently known as BAIC Blue Park New Energy Technology Co., Ltd.) (Stock Code: 600733.SH). Mr. Xu served as the assistant to general manager of the financial management department of Beijing Capital Group Co., Ltd. from February 2018 to November 2018, as the deputy general manager of



the asset management department of Beijing Capital Group Co., Ltd. from December 2018 to July 2021, and has served as the president of the Company since August 2021. Mr. Xu holds a concurrent post as a director of First Capital Securities Co., Ltd. (Stock Code: 002797.SZ) since June 2021, as a director of Beijing Youth Travel Service Co., Ltd. (北京青年旅行社股份有限公司) since November 2021 and as a director of Beijing Economic Development Investment Co., Ltd. from March 2022. Mr. Xu was appointed as a Director of the Company on 25 November 2021.

#### **Ms. Cui Ping**

Ms. Cui Ping, aged 47, is a non-executive Director of the Company, is the director of Cultural and Creative Industries Office in Beijing Capital Group Co., Ltd. She is a senior statistician and a senior economist. Ms. Cui successively obtained a bachelor's degree in economics and management of agriculture and husbandry from Beijing University of Agriculture, a master's degree in finance (including taxation) from Renmin University of China and a master's degree in consultation management and reform management from Conservatoire National des Arts et Me'tiers. Ms. Cui worked at the Beijing Municipal Bureau of Statistics from August 1997 to September 2015, successively serving as a staff member of the Population and Employment Department, deputy principal staff member, principal staff member and principal staff member and deputy director of the Monitoring and Assessment Department. Ms. Cui was the deputy general manager of the Strategic Management Department of Beijing Capital Group Co., Ltd. from September 2015 to January 2018, and she has been the director of Cultural and Creative Industries Office since January 2018 and the secretary of Party Branch and the chairman of Beijing Capital Venture Investment Co., Ltd. from August 2019 to March 2022. Ms. Cui was appointed as a Director of the Company on 25 November 2021.

#### **Mr. Jing Enji**

Mr. Jing Enji, aged 49, is a non-executive Director of the Company, vice party secretary, director and general manager of Beijing Municipal Economic Development and Investment Company and the chairman of Beijing Youth Travel Service Co., Ltd. He is qualified as a lawyer and a Level II legal advisor for state-owned enterprises in the People's Republic of China. Mr. Jing graduated from the School of Economics and Management of North China University of Technology in 1996, majoring in economic law, and obtained a bachelor's degree in law. Mr. Jing joined Beijing Municipal Economic Development and Investment Co., Ltd. (formerly known as Beijing Municipal Economic Development and Investment Company) in July 1996, successively serving as the deputy manager of the asset management department, the deputy manager of the operation management department, the manager of the operation management department, the manager of the real estate development, assistant to the general manager, the deputy general manager, the executive deputy general manager, director, the general manager and the deputy secretary of the Party Committee. Mr. Jing holds a concurrent post as the chairman of Beijing Youth Travel Service Co., Ltd. since November 2021, and as the chairman of Beijing Beiqing Education and Media Co., Ltd. from January 2022. Mr. Jing was appointed as a Director of the Company on 25 November 2021.

**Ms. Wu Min**

Ms. Wu Min, aged 45, is the assistant of president of the Company. Ms. Wu graduated from Shijiazhuang Army Command Institute (石家莊陸軍指揮學院) with a bachelor's degree in film and television editing and directing. Ms. Wu successively served as a technician on probation, assistant engineer in Troop 61377 from July 1996 to September 2004, worked in the Office Publicity and Planning Department of Beijing Youth Daily Agency from September 2004 to April 2008, has successively served as the assistant of executive vice president and the assistant of president since she joined the Company in April 2008, and has served as the director of Beijing Beiqing Outdoor Advertisement Co., Ltd. since May 2017 concurrently.

**Mr. Zhang Lei**

Mr. Zhang Lei, aged 38, is the securities affairs representative of Leshi Internet Information and Technology (Beijing) Limited. Mr. Zhang graduated from Tianjin University of Finance and Economics (天津財經大學) with a master's degree in business administration in September 2014. Holding the certificate of secretary to the board of directors of Shenzhen Stock Exchange, Mr. Zhang served as an investment manager of Tianjin Branch of Southwest Securities Co., Ltd. (西南證券股份有限公司天津分公司) from February 2013 to November 2016; a general manager assistant of Sanying Precision Instruments Co., Ltd. (天津三英精密儀器股份有限公司) from November 2016 to November 2018; and a securities affairs representative of Leshi Internet Information and Technology (Beijing) Limited (樂視網信息技術(北京)股份有限公司) since July 2019.

**Mr. Wang Zechen**

Mr. Wang Zechen (formerly known as Wang Huiyong), aged 48, is a non-executive Director of the Company. He is currently the vice president of Beijing Chengshang Cultural Communication Co., Ltd. Mr. Wang graduated from Beijing Jiaotong University in human resources management. Mr. Wang worked in the Audiovisual News Center of the Beijing Branch of Xinhua News Agency from February 2000 to December 2001 and held the positions of photographer and editor; Mr. Wang worked in Beijing Television Financial and Economic Channel from December 2001 to October 2006 and held the positions of photographer and film producer; and Mr. Wang has been serving as the vice president of Beijing Chengshang Cultural Communication Co., Ltd. since October 2006. Mr. Wang was appointed as a Director of the Company on 25 November 2021.

**Ms. Shi Hongying**

Ms. Shi Hongying, aged 50, is an independent non-executive Director of the Company. She obtained a bachelor's degree majoring in law and a master's degree majoring in law education from the Capital Normal University in July 1995 and July 2004 respectively and obtained the National Lawyer Qualification Certificate in 1998. Since July 1995, Ms. Shi has successively served in the Communist Youth League Committee, the Office of the Communist Party Committee and the Publicity Department of the Communist Party Committee of the Capital Normal University. She was transferred to the teaching position

from January 2007 and now serves as an associate professor of the Capital Normal University. Ms. Shi served as a people's juror in the People's Court of Haidian District, a part-time lawyer at Beijing Zhenghai Law Firm (北京市正海律師事務所) and Beijing Yingdao Law Firm (北京市英島律師事務所) and currently works as a part-time lawyer at Beijing Yinghong Law Firm (北京英弘律師事務所). Ms. Shi also currently works as the director of the Professional Committee for Prevention and Defense of Work-Related Crime and the deputy director of the Rights and Interest Safeguarding Committee to Beijing Lawyers Association, a member of the Criminal Matters Committee and Right Protection Center to All China Lawyers Association, a managing director of the Legal Literature Research Institution, a special-term researcher of the Law Studies Research Institution to China Law Society, an expert of Civil Administrative Prosecution Expert Consultation Network of the Supreme People's Procuratorate and a member of the Experts Group of Litigation Service Center of the Supreme People's Court of PRC and other social positions. Ms. Shi was appointed as a Director of the Company on 21 June 2019.

**Mr. Chan Yee Ping, Michael**

Mr. Chan Yee Ping, Michael, aged 45, is an independent non-executive Director of the Company. He has more than twenty years of experience in the areas of audit, financial management, corporate secretarial management and corporate governance. He graduated from The Hong Kong Polytechnic University with an honour bachelor's degree in accountancy. He is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is a director of MCI CPA Limited, a certified public accountant firm in Hong Kong. He is currently serving as an independent non-executive director for three companies whose shares are listed on the Hong Kong Stock Exchange, namely China Sandi Holdings Limited (Stock Code: 910), China Wah Yan Healthcare Limited (formerly named as China Renji Medical Group Limited) (Stock Code: 648) and StarGlory Holdings Company Limited (formerly named as New Wisdom Holding Company Limited) (Stock Code: 8213). Mr. Chan has been serving as the company secretary of China Sunshine Paper Holdings Company Limited (Stock Code: 2002) since 2013. Since 2012, he also has been serving as a company secretary of another company whose shares are listed on the Main Board of the Hong Kong Stock Exchange (namely Northeast Electric Development Company Limited) (Stock Code: 0042). From September 2017 to December 2018, Mr. Chan served as an independent non-executive director of Prosper One International Holdings Company Limited (Stock Code: 1470); and from November 2018 to February 2021, he also served as an independent non-executive director of Champion Alliance International Holdings Limited (Stock Code: 1629), shares of these two companies are listed on the Main Board of the Hong Kong Stock Exchange. Mr. Chan was appointed as a Director of the Company on 19 June 2020.

**Ms. Du Guoqing**

Ms. Du Guoqing, aged 50, is an independent non-executive Director of the Company. She currently serves as a professor, a tutor of postgraduate and doctoral students as well as the director of Institute of Advertiser under the Advertising School of Communication

University of China. Ms. Du successively obtained a bachelor's degree of education in Chinese Linguistics and Literature from Hebei Normal University (formerly known as Hebei Normal College), a master's degree in journalism and a doctoral degree of advertising from Communication University of China (formerly known as Beijing Broadcasting Institute). Ms. Du worked in Hebei Normal College from 1998 to 2003 and has been working in Communication University of China since 2003. During the period, Ms. Du has served as the director of Institute of Advertiser of Communication University of China since 2002, and served as the editor-in-chief of MARKET OBSERVER — Advertiser 《(市場觀察 — 廣告主)》 by China Enterprise Confederation from 2002 to 2007, a researcher of the headquarter of Dentsu Group (4324.TYO) in Tokyo, Japan from January 2010 to March 2010, the deputy director and director of the Public Relation Department under Communication University of China from 2010 to 2018. Ms. Du is currently the editor-in-chief of New Trend 《(新趨勢)》, an executive member of Advertising Artistic Committee of China TV Artists Association, a member of Law and Ethics Committee of China Advertising Association, a member of Academic Committee of China International Public Relations Association, an expert judge of Dentsu • China Advertising Talent Training Fund project, and a distinguished expert of the Asia Media Research Centre of Communication University of China and of the National Image Research Center of Tsinghua University. Ms. Du was appointed as a Director of the Company on November 25, 2021.

#### **Mr. Kong Weiping**

Mr. Kong Weiping, aged 52, is the partner of Beijing DeHeng Law Offices. Mr. Kong graduated from the Department of Education of Beijing Normal University (北京師範大學) with a master's degree in education management in July 1996. Mr. Kong currently holds the qualification of lawyer practicing certificate authorized by the Ministry of Justice of the PRC. Mr. Kong served as an independent director of Zhongjin Gold Corporation Limited (stock code: 600489.SH) from May 2008 to May 2014; an independent director of SDIC Zhonglu Fruit Juice Co., Ltd. (國投中魯果汁股份有限公司) (stock code: 600962. SH) from April 2013 to April 2019; an independent director of Sinomine Resource Group Co., Ltd. (中礦資源集團股份有限公司) (stock code: 002738. SZ) from April 2014 to May 2020; an external director of BBMG Assets Management Co., Ltd. from August 2015 to November 2018; an independent director of Zotye Automobile Co., Ltd. (眾泰汽車股份有限公司) (stock code: 000980.SZ) from July 2017 to February 2022. Mr. Kong has served as an external director of Beijing North Star Company Limited (北京北辰實業集團有限責任公司) since December 2018; an external director of Beijing Tianqiao Zenith Investment Group Co., Ltd. (北京天橋盛世投資集團有限責任公司) since January 2020; an external director of Beijing Huafang Investment Company Limited (北京華方投資有限公司) since April 2020; an independent non-executive Director of Beijing Capital Jiaye Property Services Co., Limited (stock code: 2210.HK) since October 2021; and an external supervisor of Beijing Tong Ren Tang Company Limited (北京同仁堂股份有限公司) (stock code: 600085.SH) since June 2021. Mr. Kong currently works as a legal adviser of State-owned Assets Supervision and Administration Commission of People's Government of Beijing

Municipality, a member of Special Committee of Company Law of China Lawyers Association, and a legal adviser of Beijing Xicheng District Committee of the Communist Party of China and the Xicheng District People's Government of Beijing Municipality.

Save as disclosed above and as at the Latest Practicable Date, the above Director candidates do not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company, nor do they hold any other positions in the Company or any of its subsidiaries, or any directorships in other listed companies in the last three years. As at the Latest Practicable Date, the above Director candidates do not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

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**APPENDIX II                    BIOGRAPHICAL DETAILS OF SHAREHOLDER REPRESENTATIVE  
SUPERVISOR CANDIDATES OF THE EIGHTH SESSION OF  
SUPERVISORY COMMITTEE**

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*The biographical details of the shareholder representative Supervisor candidates of the eighth session of the Supervisory Committee are set out as follows:*

**Mr. Liu Huibin**

Mr. Liu Huibin, aged 47, holds a master's degree and is the Chairman of the Supervisory Committee of the Company. He is currently the General Counsel and General Manager of the Law Department in Beijing Capital Group Co., Ltd., the chairman of the Supervisory Committee in Beijing Capital Financial Asset Trading and Information Services Company Limited (北京首創金融資產交易信息服務股份有限公司), and a supervisor of Beijing Capital Eco-Environment Protection Group Co., Ltd. (600008.SH). Mr. Liu holds the qualifications of law of the People's Republic of China and enterprise legal adviser. Mr. Liu successively served as an assistant to the judge of court and a partner lawyer of a law firm. Mr. Liu joined Beijing Capital Group Co., Ltd. in August 2013, successively serving as the deputy general manager and general manager as well as the general counsel of the Law Department, the chairman of the Supervisory Committee in Beijing Capital Financial Asset Trading and Information Services Company Limited from March 2016 to March 2022 and a supervisor of Beijing Capital Eco-Environment Protection Group Co., Ltd. (600008.SH) since January 2020. Mr. Liu was appointed as a Supervisor and the Chairman of the Supervisory Committee of the Company on 25 November 2021.

**Ms. Li Xiaomei**

Ms. Li Xiaomei, aged 48, is a Supervisor of the Company and is currently a deputy manager (manager level) of the enterprise development department of China Satellite Communications Co., Ltd., and is a researcher. Ms. Li obtained a master's degree in management science and engineering from the Graduate School of Xi'an University of Technology. From May 1999 to February 2008, Ms. Li worked for China Academy of Space Technology and served successively as an engineer of the materials department, an engineer of the asset operation department, the deputy director of the operation and investment office of the operation and development department and the principal of the operation and investment office of the civil-use industry department. From February 2008 to July 2021, Ms. Li worked for China Spacesat Co., Ltd. and served successively as the deputy general manager and the general manager of the development planning department, the general manager of the investment management department and the president assistant. Since July 2021, Ms. Li has joined China Satellite Communications Co., Ltd. as a deputy manager (manager level) of the enterprise development department. Ms. Li was appointed as a Supervisor of the Company on 25 November 2021.

Save as disclosed above and as at the Latest Practicable Date, the above shareholder representative Supervisor candidates do not have any relationship with any Director, senior management or substantial or controlling shareholder of the Company, nor do they hold any other positions in the Company or any of its subsidiaries, or any directorships in other

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**APPENDIX II            BIOGRAPHICAL DETAILS OF SHAREHOLDER REPRESENTATIVE  
SUPERVISOR CANDIDATES OF THE EIGHTH SESSION OF  
SUPERVISORY COMMITTEE**

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listed companies in the last three years. As at the Latest Practicable Date, the above shareholder representative Supervisor candidates do not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

## 1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the years ended 31 December 2019, 2020 and 2021 are disclosed on pages 67 to 168 of the Company's annual report for 2019, pages 63 to 166 of the annual report for 2020 and pages 74 to 170 of the annual report for 2021 respectively, which are available on the Company's website (<http://www.bjmedia.com.cn>) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## 2. INDEBTEDNESS STATEMENT

### Bank Loans and Other Borrowings

As at the close of business on 31 March 2022 (being the latest practicable date for determining the indebtedness of the Group), the Group had no outstanding bank loan and other borrowings.

### Lease Commitment

As at the close of business on 31 March 2022 (being the latest practicable date for determining the indebtedness of the Group), the Group's unsecured and/or secured lease commitments arising from operating leases and other matters are as follows:

#### *Operating Lease Commitment- Properties*

As at the close of business on 31 March 2022 (being the latest practicable date for determining the indebtedness of the Group), the Group had total future minimum lease payments under non-cancelable operating leases (with the leasing terms listed below) in respect of leased properties as follows:

*Unit: RMB'000*

Within 1 year	1,878
Total	1,878

### External Guarantees and Contingent Liabilities

As at the close of business on 31 March 2022 (being the latest practicable date for determining the indebtedness of the Group), the Group had no external guarantee and contingent liabilities.

Save as aforesaid, as at the close of business on 31 March 2022 (being the latest practicable date for determining the indebtedness of the Group), the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (exclude common trading bills) or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

The Directors had confirmed there were no significant adverse changes in liabilities or contingent liabilities of the Group since 31 March 2022.



### **3. WORKING CAPITAL**

Taking into account the funds available and indebtedness of the Group, the Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular in the absence of unforeseeable circumstances.

The Company has obtained the relevant confirmations as required under Rule 14.66(12) of the Listing Rules.

### **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 2021, being the date of the latest published audited financial statements of the Group.

### **5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group is principally engaged in the sales of advertising space, production and printing of newspapers and trading of print-related materials.

In 2022, the Group will (1) accelerate the business transformation with the resources of Capital Group, exploring and developing new business growth points and establishing a sustainable business model by “focusing on the youth, focusing on Beijing, focusing on core business and focusing on science and technology” and outward “concentric circle” expansion; (2) integrate all media resources of enterprises under BYDA to create a new business landscape and develop a new growth engine; (3) continue to deeply cultivate its management, improve risk control system, promote the adjustment of its organization structure and comprehensively complete enterprise informatization construction; (4) enhance the talent construction, cultivate high-quality versatile talents, establish an effective incentive mechanism to strengthen the Group with talents; (5) stably implement the exit of inferior companies and properly deal with the previous issues; (6) based on the strengthening of the existing businesses, grasp the opportunities arising from industry reform to create new opportunities in crisis and open a new chapter in a changing situation by trying valiantly and exploring actively, and determine to become a leading media enterprise with cross-media cultural and creative platform in China.

### **6. EFFECT OF THE TRANSACTIONS UNDER THE SINGLE ASSET MANAGEMENT CONTRACT ON THE EARNING, ASSETS AND LIABILITIES OF THE GROUP**

The Group intends to invest mainly in cash and medium and high-grade bonds through the asset management scheme, and strive to achieve steady appreciation of assets while strictly controlling risks and maintaining asset liquidity. The Scheme is principally invested in debt investment products of non-principal guaranteed with fixed return (including cash products) and others.

According to the Scheme, the Directors estimate that the Group will record a surplus in respect of the investment, and the total assets of the Group are expected to increase accordingly, and the investment is expected to have no impact on the liabilities of the Group. The Group expects that the investment will have a positive impact on the Group's financial performance as a whole.

## 7. MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis of the Group for three financial years ended 31 December 2021 is set out below.

### (1) For the financial year ended 31 December 2021

#### *Group Business Review*

The Group is principally engaged in three core businesses: (1) advertising sales, which contributes to part of the Group's turnover; (2) printing, whose turnover includes revenue from printing publications arranged by BYD Logistics; and (3) trading of print-related materials, which involves the supply and trading of, among others, newsprint, ink, lubricants, films, presensitized plate and rubber sheet to customers including commercial printers.

In 2021 the Group adhered to the strategy of "focusing on stability, innovating while maintaining stability, and seeking progress while innovating", and took multiple measures simultaneously. The Group's total operating income for 2021 was RMB187,552 thousand, representing a decrease of 13.69% as compared with the corresponding period in 2020 (2020: RMB217,291 thousand), which was mainly attributable to (1) a decrease of advertising income; (2) a decrease of paper trading income. Among which, revenue from advertising was RMB82,855 thousand (2020: RMB89,973 thousand), representing a decrease of 7.91% as compared with 2020; revenue from printing was RMB2,921 thousand (2020: RMB2,824 thousand), representing an increase of 3.43% as compared with 2020; and revenue from trading of print-related materials was RMB96,486 thousand (2020: RMB115,256 thousand), representing a decrease of 16.29% as compared with 2020. Net loss attributable to shareholders of the Company for 2021 was RMB64,159 thousand (net loss attributable to shareholders of the Company for 2020: RMB130,176 thousand), representing a decrease of loss of 50.71% as compared with the corresponding period in 2020, which was mainly due to (1) an increase of investment income, among which RMB19,923 thousand was contributed by Runxin Dingtai Fund and RMB376 thousand by Suzhou Huaying Fund; (2) a decrease of RMB72,495 thousand from bad debt provision and asset impairment.

***Financial Resources and Liquidity***

As at 31 December 2021, current assets of the Group was RMB335,041 thousand (31 December 2020: RMB356,897 thousand), including bank balances and cash of RMB264,322 thousand (31 December 2020: RMB240,221 thousand) and non-current assets of the Group was RMB392,519 thousand (31 December 2020: RMB388,550 thousand).

As at 31 December 2021, current liabilities of the Group was RMB77,477 thousand (31 December 2020: RMB90,159 thousand); and non-current liabilities was RMB4,525 thousand (31 December 2020: RMB6,792 thousand).

As at 31 December 2021, shareholders' equity of the Group was RMB645,558 thousand (31 December 2020: RMB648,496 thousand).

***Gearing Ratio***

As at 31 December 2021, gearing ratio of the Group was 12.70% (31 December 2020: 14.95%) (the gearing ratio is calculated by dividing the Group's total liabilities by its total equity).

***Bank Borrowings, Overdrafts and other Borrowings***

As at 31 December 2021, bank loans, overdrafts and other borrowings of the Group was Nil (31 December 2020: Nil). Most of the currency unit of cash and cash equivalent held by the Group was Renminbi.

***Financing Cost***

Financing cost of the Group for 2021 was RMB18 thousand (2020: RMB138 thousand).

***Capital Expenditure***

Capital expenditures of the Group for 2021 was RMB719 thousand (2020: RMB763 thousand). Capital expenditures of the Group for 2021 was mainly comprised of the expenditures consistent with business strategies including expenditures on office equipment and intangible assets.

***Contingent Liabilities and Pledge of Assets***

As at 31 December 2021, the Group did not have any contingent liabilities or any pledge of assets.

***Material Investments***

As at 31 December 2021, the Company's investments in Beiyang Publishing & Media Co., Ltd. and Beijing Keyin Media Culture Co., Ltd. accounted for over 5% of the Group's total assets in value. The details of such significant investments are set out below:

## (1) Basic information of relevant companies:

Company name	Place of registration	Primary operation place	Business nature	Shareholding (%)	Investment cost (RMB thousand)	Fair value	Proportion of total assets (%)
						as at 31 December 2021 (RMB thousand)	
Beiyang Publishing & Media Co., Ltd.	Shijiazhuang, Hebei province	Shijiazhuang, Hebei province	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	103,000	194,901	26.79
Beijing Keyin Media and Culture Co., Ltd	Beijing	Beijing	Organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements	16.00	6,560	46,665	6.41

## (2) Major financial information of significant investees:

Company name	Net profit attributable to owners of the Company for the year ended 31 December 2021 (RMB thousand)	Accumulated undistributed profits as at 31 December 2021 (RMB thousand)	Dividend received for the year ended 31 December 2021 (RMB thousand)
Beiyang Publishing & Media Co., Ltd.	—	—	7,671
Beijing Keyin Media and Culture Co., Ltd.	3,469	231,195	—

*Note:* As of the reporting date, the 2021 financial report of Beiyang Publishing & Media Co., Ltd. is not yet available to the public.

(3) The investment strategies of major investments:

Beiyang Publishing & Media Co., Ltd. (hereinafter referred to as “**Beiyang Media**”) is mainly engaged in the production, printing, publishing and distribution of books, newspapers and magazines. It is the main platform for Hebei Publishing & Media Group Co., Ltd. to perform transformation into corporate and capitalized operations. Currently, the Group holds 43,706,423 shares of Beiyang Media, representing 2.43% of the aggregate share capital of Beiyang Media. In recent years, Beiyang Media has been operating well and has been in a profitable position, and the assets and revenues increase steadily. The Group is optimistic about the future operation of Beiyang Media and intends to hold the shares for a long term to achieve better investment returns.

Beijing Keyin Media and Culture Co., Ltd. (hereinafter referred to as “**Keyin Media**”) is mainly engaged in organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements, etc. Currently, the Group holds 4,000,000 shares of Keyin Media, representing 16% of the aggregate share capital of Keyin Media. In recent years, Keyin Media has been operating well and has been in a profitable position. The Group is optimistic about the future operation of Keyin Media and intends to hold the shares for a long term.

Save as disclosed above, for the year ended 31 December 2021, the Group had no material investments or any plan related to material investment or acquisition of assets.

#### ***Material Acquisition and Disposal of Assets***

For the year ended 31 December 2021, the Group had no material acquisition or disposal of subsidiaries, joint ventures, associates, etc.

#### ***Foreign Exchange Risks***

Renminbi is the functional currency of the Group. The Group’s operations conducted in the PRC are mainly settled in Renminbi. However, certain payables are settled in foreign currency (mainly HKD). Therefore, the Group is exposed to fluctuations in foreign exchange rate to a certain extent. Operating cash flow or liquidity of the Group is subject to very limited effect from exchange rate fluctuations.

*Staff*

As at 31 December 2021, the Group had a total of 289 staff members (31 December 2020: 298). The decrease in the number of the staff as compared with 2020 was mainly due to the reasonable decrease of the normal business needs of the Company and its subsidiaries. For the year ended 31 December 2021, the Group's employee remuneration amounted to approximately RMB51,695 thousand in total. The staff remuneration and benefits of the Group are both determined by reference to market rates, national policies and individual performance. The Group actively encouraged the self-development of the employees, and carried out abundant staff training activities. In 2021, the Group carried out a number of staff trainings in respect of new media, creative industries and connected transactions.

*Remuneration Policy*

The Company has set up the Remuneration Committee under the Board, which is responsible for formulating the remuneration policy and making proposal regarding the remunerations of the Directors and senior management of the Company to the Board. The remunerations of the Directors of the Company are determined by the Remuneration Committee as authorized by the general meeting of the Company. The remuneration of Supervisors of the Company shall be approved by the general meeting of the Company. The remuneration policy of the Company is determined and realized according to the duties of the Directors, Supervisors and senior management and the Company's operating performance.

Position-based remuneration system was adopted for general management staff. Salary was determined according to the relative importance of the positions, the responsibilities assumed in the positions and other factors. Various salary models such as performance linked and piece rate wage model were adopted respectively for other employees based on the types of employees and their job nature.

The Company stringently controlled the overall remuneration amount management of its controlled subsidiaries and its wholly-owned subsidiaries in accordance with the applicable policy requirements of the PRC government. It sought to maintain an appropriate balance between salary increase and the growth in economic benefits, in order to achieve a win-win situation among Shareholders, management and employees and to facilitate the harmonious development of the enterprise.

The Company paid housing funds and social security funds on behalf of employees on a monthly basis, according to the relevant national and local laws and regulations on labour affairs and social security. In particular, social security funds include pension insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance, etc.

**(2) For the financial year ended 31 December 2020*****Group Business Review***

The Group is principally engaged in three core businesses: (1) advertising sales, which contributes to part of the Group's turnover; (2) printing, whose turnover includes revenue from printing publications arranged by BYD Logistics; and (3) trading of print-related materials, which involves the supply and trading of, among others, newsprint, ink, lubricants, films, presensitized plate and rubber sheet to customers including commercial printers.

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. The Group's total operating income for 2020 was RMB217,291 thousand (2019: RMB219,927 thousand), representing a decrease of 1.20% as compared with 2019 of which, revenue from advertising was RMB89,973 thousand (2019: RMB96,965 thousand), representing a decrease of 7.21% as compared with 2019; revenue from printing was RMB2,824 thousand (2019: RMB3,457 thousand), representing a decrease of 18.31% as compared with 2019; and revenue from trading of print-related materials was RMB115,256 thousand (2019: RMB102,620 thousand), representing an increase of 12.31% as compared with 2019. Net loss attributable to shareholders of the Company for 2020 was RMB130,176 thousand (2019: RMB196,538 thousand).

Looking back at the arduous challenges and changes in 2020, even though the raging epidemic has adversely affected all businesses of the Group, the decline level in revenue of the Group has been mitigated as compared with the previous year. At the same time, the positive and effective control of cost and expense leads to the reduction in the loss. Accordingly, the epidemic did not impose any obvious substantial impact on the operation of the Group.

***Financial Resources and Liquidity***

As at 31 December 2020, current assets of the Group was RMB356,897 thousand (31 December 2019: RMB452,716 thousand), including bank balances and cash of RMB240,221 thousand (31 December 2019: RMB217,264 thousand); non-current assets of the Group was RMB388,550 thousand (31 December 2019: RMB442,729 thousand).

As at 31 December 2020, current liabilities of the Group was RMB90,159 thousand (31 December 2019: RMB92,135 thousand); non-current liabilities was RMB6,792 thousand (31 December 2019: RMB8,313 thousand).

As at 31 December 2020, shareholders' equity of the Group was RMB648,496 thousand (31 December 2019: RMB794,997 thousand).

***Gearing Ratio***

As at 31 December 2020, gearing ratio of the Group was 14.95% (31 December 2019: 12.64%) (the gearing ratio is calculated by dividing the Group's total liabilities by its total equity).

***Bank Loans, Overdrafts and Other Borrowings***

As at 31 December 2020, bank loans, overdrafts and other borrowings of the Group was Nil (31 December 2019: Nil). Most of the currency unit of cash and cash equivalent held by the Group was Renminbi.

***Financing Cost***

Financing cost of the Group for 2020 was RMB138 thousand (2019: RMB444 thousand).

***Capital Expenditure***

Capital expenditures, including expenditures on office equipment and intangible assets, of the Group for 2020 was RMB763 thousand (2019: RMB3,020 thousand). Capital expenditures of the Group for 2020 was mainly comprised of the expenditures consistent with business strategies.

***Contingent Liabilities and Pledge of Assets***

As at 31 December 2020, the Group did not have any contingent liabilities or any pledge of assets.



*Material Investments*

As at 31 December 2020, the Company's investments in Beiyang Publishing & Media Co., Ltd., Beijing Keyin Media Culture Co., Ltd. and Beijing Runxin Dingtai Investment Center (Limited Partnership) accounted for over 5% of the Group's total assets in value. The details of such significant investments are set out below:

## (1) Basic information of relevant companies:

Company name	Place of registration	Primary operation place	Business nature	Shareholding (%)	Investment cost (RMB thousand)	Fair value as at 31 December 2020 (RMB thousand)	Proportion of total assets (%)
Beiyang Publishing & Media Co., Ltd.	Shijiazhuang, Hebei province	Shijiazhuang, Hebei province	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	103,000	156,657	21.02
Beijing Keyin Media and Culture Co., Ltd	Beijing	Beijing	Organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements	16.00	6,560	46,524	6.24
Beijing Runxin Dingtai Investment Center (Limited Partnership)	Beijing	Beijing	Investment management	11.62	42,758	40,332	5.41

## (2) Major financial information of significant investees:

Company name	Net profit attributable to owners of the Company for the year ended 31 December 2020 (RMB thousand)	Accumulated undistributed profits as at 31 December 2020 (RMB thousand)	Dividend received for the year ended 31 December 2020 (RMB thousand)
Beiyang Publishing & Media Co., Ltd.	1,054,467	4,216,656	9,615
Beijing Keyin Media and Culture Co., Ltd.	9,343	230,529	—
Beijing Runxin Dingtai Investment Center (Limited Partnership)	101,144	102,951	22,932

(3) The investment strategies of major investments:

Beiyang Publishing & Media Co., Ltd. (hereinafter referred to as “**Beiyang Media**”) is mainly engaged in the production, printing, publishing and distribution of books, newspapers and magazines. It is the main platform for Hebei Publishing & Media Group Co., Ltd. to perform transformation into a corporate and capitalized operations. Currently, the Company holds 43,706,423 shares of Beiyang Media, representing 2.43% of the aggregate share capital of Beiyang Media. The Company has made investments in Beiyang Media mainly based on the following consideration to obtain better investment returns: 1) the robust operating conditions of Beiyang Media; 2) its capital operation plans including the reform of shareholding system and listing. Subsequent to our investment, the Company sees the robust operating conditions of Beiyang Media in recent years and the assets and revenues increase steadily. The Company is optimistic about the future operation of Beiyang Media and intends to hold the shares for a long term.

Beijing Keyin Media and Culture Co., Ltd. (hereinafter referred to as “**Keyin Media**”) is mainly engaged in organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements, etc. Currently, the Company holds 4,000,000 shares of Keyin Media, representing 16% of the aggregate share capital of Keyin Media. The Company has made investments in Keyin Media mainly based on the consideration of its robust operating conditions and listing plan. Subsequent to our investment, the Company sees the robust operating conditions of Keyin Media in recent years as it has delivered sustained profitability. The Company is optimistic about the future operation of Keyin Media and intends to hold the shares for a long term.

The Company’s wholly-owned subsidiary, Beijing Network Culture Communication Co., Ltd., as a limited partner, established Beijing Runxin Dingtai Investment Center (limited partnership) (hereafter referred to as the “**Fund**”) in 2013, with a shareholding of 11.62%. The Fund leverages on CSC Financial Co., Ltd. to focus on investing in equities of growth companies that plan to list. The Company has made investment in the Fund mainly based on the consideration of achieving favourable yields from the Fund’s investment projects and considerable investment returns. In recent years, the Fund has also been actively facilitating various investment projects to realise exits via listing, merger and acquisition and restructuring, repurchase and transfer in NEEQ market, etc. A number of projects have realised exit after listing or partial exit and delivered satisfactory yield. As of 31 December 2020, the Company has received accumulated investment income of RMB54,506 thousand. The Company is optimistic about the future operation and income of the Fund, and expects to achieve better investment returns upon our exit from the Fund at maturity.

Save as disclosed above, for the year ended 31 December 2020, the Group had no material investments or any plan related to material investment or acquisition of assets.

#### ***Material Acquisition and Disposal of Assets***

For the year ended 31 December 2020, the Group had no material acquisition or disposal of assets.

For the year ended 31 December 2020, the Group had no material acquisition or disposal of subsidiaries, joint ventures and associates.

#### ***Foreign Exchange Risks***

Renminbi is the functional currency of the Company. The Company's operations conducted in the PRC are mainly settled in Renminbi. However, certain payables are settled in foreign currency (mainly HKD). Therefore, the Company is exposed to fluctuations in foreign exchange rate to a certain extent. Operating cash flow or liquidity of the Group is subject to very limited effect from exchange rate fluctuations.

#### ***Staff***

As at 31 December 2020, the Group had a total of 298 staff members (31 December 2019: 327). The decrease in the number of the staff as compared with 2019 was mainly due to the reasonable decrease of the normal business needs of the Company and its subsidiaries. For the year ended 31 December 2020, the Group's employee remuneration amounted to approximately RMB47,271 thousand in total. The staff remuneration and benefits of the Group are both determined by reference to market rates, national policies and individual performance. The Group actively encouraged the self-development of the employees, and carried out abundant staff training activities. In 2020, the Group carried out a number of staff trainings in respect of new media, creative industries and connected transactions.

#### ***Remuneration Policy***

The Company has set up the Remuneration Committee under the Board, which is responsible for formulating the remuneration policy and making proposal regarding the remunerations of the Directors and senior management of the Company to the Board. The remunerations of the Directors of the Company are determined by the Remuneration Committee as authorized by the general meeting of the Company. The remuneration of Supervisors of the Company shall be approved by the general meeting of the Company. The remuneration policy of the Company is determined and realised according to the duties of the Directors, Supervisors and senior management and the Company's operating performance.

Position-based remuneration system was adopted for general management staff. Remuneration was determined according to the relative importance of the positions, the responsibilities assumed in the positions and other factors. Various salary models such as performance linked and piece rate wage model were adopted respectively for other employees based on the types of employees and their job nature.

The Company stringently controlled the overall salary amount management of its controlled subsidiaries and its wholly-owned subsidiaries in accordance with the applicable policy requirements of the PRC government. It sought to maintain an appropriate balance between salary increase and the growth in economic benefits, in order to achieve a win-win situation among Shareholders, management and employees and to facilitate the harmonious development of the enterprise.

The Company paid housing funds and social security funds on behalf of employees on a monthly basis, according to the relevant national and local laws and regulations on labour affairs and social security. In particular, social security funds include pension insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance, etc.

**(3) For the financial year ended 31 December 2019**

***Group Business Review***

The Group is principally engaged in three core business: (1) advertising sales, which contributes to part of the Group's turnover; (2) printing, whose turnover includes revenue from printing publications arranged by BYD Logistics; and (3) trading of print-related materials, which involves the supply and trading of newsprint, ink, lubricants, films, presensitized and rubber sheet to customers including commercial printers, among other things.

Due to the influence of the overall macro situation and macroeconomic policy, the influence of the swift development in new media and the further decline in the Company's core operating income, the financial results for 2019 declined. The Group's total operating income for 2019 was RMB219,927 thousand (2018: RMB344,625 thousand), representing a 36.18% decrease as compared with 2018 of which, revenue from advertising sales was RMB96,965 thousand (2018: RMB125,782 thousand), representing a decrease of 22.91% as compared with 2018; revenue from printing was RMB3,457 thousand (2018: RMB6,832 thousand), representing a decrease of 49.40% as compared with 2018; and revenue from trading of print-related materials was RMB102,620 thousand (2018: RMB188,434 thousand), representing a decrease of 45.54% as compared with 2018. Net loss attributable to shareholders of the Company for 2019 was RMB196,538 thousand (2018: RMB277,310 thousand).

***Financial Resources and Liquidity***

As at 31 December 2019, current assets of the Group was RMB452,716 thousand (31 December 2018: RMB633,478 thousand), including bank balances and cash of RMB217,264 thousand (31 December 2018: RMB199,925 thousand) and non-current assets of the Group was RMB442,729 thousand (31 December 2018: RMB525,808 thousand).

As at 31 December 2019, current liabilities of the Group was RMB92,135 thousand (31 December 2018: RMB132,531 thousand) and non-current liabilities was RMB8,313 thousand (31 December 2018: RMB16,163 thousand).

As at 31 December 2019, shareholders' equity of the Group was RMB794,997 thousand (31 December 2018: RMB1,010,592 thousand).

***Gearing Ratio***

As at 31 December 2019, gearing ratio of the Group was 12.64% (31 December 2018: 14.71%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

***Bank Loans, Overdrafts and Other Borrowings***

As at 31 December 2019, bank loans of the Group was Nil (31 December 2018: RMB6,927 thousand). The currency unit of cash and cash equivalent held by the Group was Renminbi.

***Financing Cost***

Financing cost of the Group for 2019 was RMB444 thousand (2018: RMB706 thousand).

***Capital Expenditure***

Capital expenditures, including expenditures on office equipment and intangible assets, of the Group for 2019 was RMB3,020 thousand (2018: RMB2,418 thousand). Capital expenditures of the Group for 2019 was mainly comprised of the expenditures consistent with business strategies.

***Contingent Liabilities and Pledge of Assets***

As at 31 December 2019, the Group did not have any other contingent liabilities or any pledge of assets.

**Material Investments**

As at 31 December 2019, the Company's investments in Beiyang Publishing & Media Co., Ltd., Beijing Keyin Media Culture Co., Ltd. and Beijing Runxin Dingtai Investment Center (Limited Partnership) accounted for over 5% of the Group's total assets in value. The details of such significant investments are set out below:

## (1) Basic information of relevant investee companies:

Company name	Place of registration	Primary operation place	Business nature	Shareholding (%)	Investment cost (RMB thousand)	Fair value	Proportion of total assets (%)
						as at 31 December 2019 (RMB thousand)	
Beiyang Publishing & Media Co., Ltd.	Shijiazhuang, Hebei province	Shijiazhuang, Hebei province	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	103,000	168,017	18.76
Beijing Keyin Media and Culture Co., Ltd	Beijing	Beijing	Organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements	16.00	6,560	45,061	5.03
Beijing Runxin Dingtai Investment Center (Limited Partnership)	Beijing	Beijing	Investment management	11.62	42,758	51,639	5.77

## (2) Major financial information of significant investees:

Company name	Net profit attributable to owners of the Company for the year ended 31 December 2019 <i>(RMB thousand)</i>	Accumulated undistributed profits as at 31 December 2019 <i>(RMB thousand)</i>	Dividend received for the year ended 31 December 2019 <i>(RMB thousand)</i>
Beiyang Publishing & Media Co., Ltd.	852,346	3,518,089	—
Beijing Keyin Media and Culture Co., Ltd.	3,502	221,186	—
Beijing Runxin Dingtai Investment Center (Limited Partnership)	196,697	269,053	—

## (3) The investment strategies of major investments:

Beiyang Publishing & Media Co., Ltd. (“**Beiyang Media**”) is mainly engaged in the production, printing, publishing and distribution of books, newspapers and magazines. It is the main platform for Hebei Publishing & Media Group Co., Ltd. to perform transformation into a corporate and capitalized operations. Currently, the Company holds 43,706,423 shares of Beiyang Media, representing 2.43% of the aggregate share capital of Beiyang Media. The Company made investments in Beiyang Media mainly based on the following consideration to obtain better investment returns: 1) the robust operating conditions of Beiyang Media; 2) its capital operation plans including the reform of shareholding system and listing. Subsequent to the Company’s investments, the Company sees robust operating conditions of Beiyang Media in recent years as it has delivered sustained profitability and steady growth in assets and revenues. The Company is optimistic about the future operation of Beiyang Media and intends to hold the shares for a long term.

Beijing Keyin Media and Culture Co., Ltd. (hereinafter referred to as “**Keyin Media**”) is mainly engaged in organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements, etc. Currently, the Company holds 4,000,000 shares of Keyin Media, representing 16% of the aggregate share capital of Keyin Media. The Company has made investments in Keyin Media mainly based on the consideration of its robust operating conditions and listing plan. Subsequent to our investment, the Company sees the robust operating conditions of Keyin Media in recent years as it has delivered sustained profitability. The Company is optimistic about the future operation of Keyin Media and intends to hold the shares for a long term.

The Company's wholly-owned subsidiary, Beijing Network Culture Communication Co., Ltd., as a limited partner, established Beijing Runxin Dingtai Investment Center (limited partnership) (the "Fund") in 2013, with a shareholding of 11.62%. The Fund leverages on CSC Financial Co., Ltd. to focus on investing in equities of growth companies that plan to go public. The Company has made investment in the Fund mainly based on the consideration of achieving favourable yields from the Fund's investment projects and considerable investment returns. In recent years, the Fund has also been actively facilitating various investment projects to realise exits via listing, merger and acquisition and restructuring, repurchase and transfer in NEEQ market, etc. A number of projects have realised exits after listing or partial exits and delivered satisfactory yields. As of 31 December 2019, the Company has received accumulated investment income of RMB31,574 thousand. The Company is optimistic about the future operation and income of the Fund, and expects to achieve better investment returns upon exit from the Fund at maturity.

Save as disclosed above, for the year ended 31 December 2019, the Group had no material investments or any plan related to material investment or acquisition of assets.

#### ***Material Acquisition and Disposal of Assets***

For the year ended 31 December 2019, the Group had no material acquisition or disposal of assets.

For the year ended 31 December 2019, the Group had no material acquisition or disposal of subsidiaries, joint ventures and associates.

#### ***Foreign Exchange Risks***

Renminbi is the functional currency of the Company. The Company's operations conducted in the PRC are mainly settled in Renminbi. However, certain payables are settled in foreign currency (mainly HKD). Therefore, the Company is exposed to fluctuations in foreign exchange rate to a certain extent. Operating cash flow or liquidity of the Group is subject to very limited effect from exchange rate fluctuations.

#### ***Staff***

As at 31 December 2019, the Group had a total of 327 staff members (31 December 2018: 343). The decrease in the number of the staff as compared with 2018 was mainly due to the reasonable decrease of the normal business needs of the Company and its subsidiaries. For the year ended 31 December 2019, the Group's employee remuneration amounted to approximately RMB54,417 thousand in total. The staff remuneration and benefits of the Group are both determined by reference to market rates, national policies and individual performance. The Group actively encouraged the self-development of the



employees, and carried out extensive staff training activities. In 2019, the Group carried out a number of staff trainings in respect of marketing, financial system and administrative management system.

#### *Remuneration Policy*

The Company has set up the Remuneration Committee under the Board, which is responsible for formulating the remuneration policy and making proposal regarding the remunerations of the Directors and senior management of the Company to the Board. The remunerations of the Directors of the Company are determined by the Remuneration Committee as authorized by the general meeting of the Company. The remuneration of Supervisors of the Company shall be approved by the general meeting of the Company. The remuneration of the Company is determined and realised according to the duties of the Directors, Supervisors and senior management and the Company's operating performance.

Position-based remuneration system was adopted for general management staff. Remuneration was determined according to the relative importance of the positions, the responsibilities assumed in the positions and other factors. Various salary models such as performance linked and piece rate wage model were adopted respectively for other employees based on the types of employees and their job nature.

The Company stringently controlled the overall salary amount management of its controlled subsidiaries and its wholly-owned subsidiaries in accordance with the applicable policy requirements of the PRC government. It sought to maintain an appropriate balance between salary increase and the growth in economic benefits, in order to achieve a win-win situation among Shareholders, management and employees and to facilitate the harmonious development of the enterprise.

The Company paid housing funds and social security funds on behalf of employees on a monthly basis, according to the relevant national and local laws and regulations on labour affairs and social security. In particular, social security funds include pension insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance, etc.

## 1. RESPONSIBILITY STATEMENT

The information of this circular is the information with regard to the Group given in compliance with the Listing Rules. The Directors will accept full responsibility collectively and individually with regard to this circular. 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, proposed 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 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 Interest	% 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 Interest	% 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

*Notes:*

Information disclosed above is based on the data published on the HKExnews website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://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 of the Company 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 a position in Beijing Chengshang Cultural Communication Co., Ltd.; Director candidate Mr. Zhang Lei also holds a position in Leshi Internet Information & Technology Corp., Beijing. Save as disclosed above, as at the Latest Practicable Date, none of other Directors and Director candidate 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 SFO.

#### **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 2021, being the date of the latest published audited financial statements of the Group.

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

As at the Latest Practicable Date, none of the Directors, proposed Directors, Supervisors or their respective close 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, proposed 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 2021, being the date of the latest published audited financial statements of the Group or was proposed to be acquired or disposed of by or leased to any member of the Group; and none of the Directors, proposed 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, proposed Director 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. 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

## 9. 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 2021, 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 did not have any shareholding in 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.

## 10. MATERIAL CONTRACTS

Save for the Single Asset Management Contract, the Group has not entered into any material contracts (not in the ordinary course of business) during the two years preceding the Latest Practicable Date.

## 11. MATERIAL LITIGATION

In 2019, the Company filed a lawsuit against Beijing Trans-media Co., Ltd. (“**Trans-media**”) and Beijing Jihe Advertising Co., Ltd. with the court, in relation to the delinquent consideration for the equity transfer, and the court held that the parties involved shall apply for arbitration instead, and therefore rejected the lawsuit of the Company. The Company then filed an application for arbitration proceeding at the Beijing Arbitration Commission, and the Beijing Arbitration Commission ruled on October 2021, pursuant to which, Trans-media shall pay to the Company the outstanding consideration of RMB72,320,000 under the Equity Transfer Agreement and the relevant payable interests as well as the legal costs in relation to the arbitration proceeding. Please refer to the announcements of the Company dated 1 February 2019 and 15 October 2021 for details.

Save as disclosed above, to the knowledge of the Directors, as at the Latest Practicable Date, the Company was not involved in any material litigation, arbitration or claim and there was no material legal action or claim that is outstanding or may arise or occur, which may pose material threat to the business and financial condition of the Group.

## 12. METHOD OF VOTING AT THE AGM

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 AGM will demand a poll in relation to all the proposed resolutions at the AGM.

## 13. MISCELLANEOUS

- (a). The joint company secretaries of the Company are Mr. Shang Da and Mr. Yu Leung Fai. Mr. Shang Da has been confirmed capable of discharging the functions of company secretary by the Hong Kong Stock Exchange in March 2015 pursuant to the Note 2 to Rule 3.28 of the Listing Rules and qualified for the position of company secretary of the Company under the Listing Rules. Mr. Yu

Leung Fai is a member of American Institute of Certified Public Accountants, a member of Certified Public Accountants Australia and a member of Hong Kong Institute of Certified Public Accountants.

- (b). The registered office of the Company is situated at Building A, 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.

#### 14. DOCUMENTS ON DISPLAY

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 <http://www.bjmedia.com.cn> from the date of this circular up to and including the date of the AGM:

- (a) the Single Asset Management Contract;
- (b) Letter from the Independent Financial Adviser; and
- (c) the expert’s consent mentioned in the “Expert’s Qualification and Consent” of the Appendix IV of 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)**

### NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “AGM”) of Beijing Media Corporation Limited (the “Company”) will be held at 2:00 p.m. on Friday, 17 June 2022 at the 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 resolutions:

#### **As Ordinary Resolutions**

1. To consider and, if thought fit, to approve the report of the board of directors of the Company for the year ended 31 December 2021;
2. To consider and, if thought fit, to approve the report of the supervisory committee of the Company for the year ended 31 December 2021;
3. To consider and, if thought fit, to approve the audited financial statements of the Company for the year ended 31 December 2021;
4. To consider and, if thought fit, to approve the appointment of WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)) as the Company’s auditor for the year 2022, and to authorize the audit committee of the Board of the Company to determine their remuneration;
5. To consider and, if thought fit, to approve the re-election of Mr. Su Zhaohui as a non-executive director of the Company, and to authorize any director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;
6. To consider and, if thought fit, to approve the re-election of Mr. Xu Jian as an executive director of the Company, and to authorize any director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;



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7. To consider and, if thought fit, to approve the re-election of Ms. Cui Ping as a non-executive director of the Company, and to authorize any director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;
8. To consider and, if thought fit, to approve the re-election of Mr. Jing Enji as a non-executive director of the Company, and to authorize any director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;
9. To consider and, if thought fit, to approve the appointment of Ms. Wu Min as an executive director of the Company, to authorize the remuneration committee of the Board to determine her remuneration, and to authorize any director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;
10. To consider and, if thought fit, to approve the appointment of Mr. Zhang Lei as a non-executive director of the Company, to authorize the remuneration committee of the Board to determine his remuneration, and to authorize any director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;
11. To consider and, if thought fit, to approve the re-election of Mr. Wang Zechen as a non-executive director of the Company, to authorize the remuneration committee of the Board to determine his remuneration, and to authorize any director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;
12. To consider and, if thought fit, to approve the re-election of Ms. Shi Hongying as an independent non-executive director of the Company, to authorize the remuneration committee of the Board to determine her remuneration, and to authorize any director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;
13. To consider and, if thought fit, to approve the re-election of Mr. Chan Yee Ping, Michael as an independent non-executive director of the Company, to authorize the remuneration committee of the Board to determine his remuneration, and to authorize any director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;
14. To consider and, if thought fit, to approve the re-election of Ms. Du Guoqing as an independent non-executive director of the Company, to authorize the remuneration committee of the Board to determine her remuneration, and to authorize any director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;

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## NOTICE OF AGM

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15. To consider and, if thought fit, to approve the appointment of Mr. Kong Weiping as an independent non-executive director of the Company, to authorize the remuneration committee of the Board to determine his remuneration, and to authorize any director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;
16. To consider and, if thought fit, to approve the re-election of Mr. Liu Huibin as a shareholder representative supervisor of the Company, and to authorize the legal representative of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;
17. To consider and, if thought fit, to approve the re-election of Ms. Li Xiaomei as a shareholder representative supervisor of the Company, and to authorize the legal representative of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company;
18. To consider and, if thought fit, to approve:

**“THAT**

- a. the single asset management contract for the Capital Securities — Beijing Media (the “**Single Asset Management Contract**”) dated 19 April 2022 and entered into between the Company, Capital Securities Co., Ltd. and Beijing Branch of Bank of Communications Co., Ltd., and the relevant annual cap for the contract validity period for the Single Asset Management Contract 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 Single Asset Management Contract 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**  
*Chairman*  
**Su Zhaohui**

Beijing, the PRC  
26 May 2022

*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.*

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## NOTICE OF AGM

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

*Notes:*

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

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, 18 May 2022 shall be entitled to attend the AGM.

Holders of H shares intending to attend and vote at the AGM to be held on Friday, 17 June 2022 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Tuesday, 17 May 2022.

### **2. Proxy**

- (1) Shareholders entitled to attend and vote at the AGM 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 AGM 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.

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

A shareholder or his proxy shall produce his identification document when attending the AGM. 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, 18 May 2022 to Friday, 17 June 2022 (both days inclusive).

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### 5. Method of Voting at the AGM

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 AGM will demand a poll in relation to all the proposed resolutions at the AGM.

### 6. Miscellaneous

- (1) The AGM is expected to be held for less than half a day. Shareholders attending the AGM 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (3) The registered office and the contact details of the Company are:

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