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BEIJING MEDIA CORPORATION LIMITED

北青傳媒股份有限公司

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

(Stock Code: 1000)

CONTINUING CONNECTED TRANSACTIONS:

(i) RENEWAL OF PERSONNEL SERVICE AGREEMENT; AND

(ii) ENTERING INTO THE

COMPREHENSIVE SERVICE AGREEMENT

CLOSURE OF REGISTER OF MEMBERS

I. INTRODUCTION

Reference is made to the announcement of the Company dated 12 November 2021 in respect of the 2022 Personnel Service Agreement entered into between the Company and BYDA.

As the 2022 Personnel Service Agreement is expected to expire on 31 December 2022, on 28 December 2022, the Company entered into the 2023 Personnel Service Agreement with BYDA for a period of one year commencing on 1 January 2023 and ending on 31 December 2023. Accordingly, BYDA and/or its subsidiaries will assign employees to the Company to provide services to the Company, and the total service fees payable by the Company to BYDA Group during the validity period of the agreement shall not exceed RMB1,800,000.

On 28 December 2022, the Company entered into the Comprehensive Service Agreement with BYDA, pursuant to which, the Company and its subsidiaries will provide ancillary services and technical support for the new media business to BYDA and its subsidiaries for a period commencing on 1 January 2023 and ending on 17 June 2025. The Board proposes that the caps of transactions under the Comprehensive Service Agreement for the two years ending 31 December 2024 and the period ending 17 June 2025 are RMB50,000,000, RMB50,000,000 and

RMB25,000,000, respectively. The caps of the transactions under the Comprehensive Service Agreement will take effect from the date of approval by the Independent Shareholders at the EGM.

II. 2023 PERSONNEL SERVICE AGREEMENT

1. Major Terms of 2023 Personnel Service Agreement

Major terms of 2023 Personnel Service Agreement are set out as follows:

Date

28 December 2022

Parties

- (1) the Company
- (2) BYDA

Continuing transactions

Pursuant to the 2023 Personnel Service Agreement, BYDA and/or its subsidiaries will assign employees to the Company to provide services to the Company, and the Company will pay the service fees to BYDA and/or its subsidiaries.

Term and termination

The 2023 Personnel Service Agreement is for a term commencing from 1 January 2023 and ending on 31 December 2023.

Price determination

The service fees paid by the Company under the 2023 Personnel Service Agreement are determined based on the salary or remuneration of the assigned employees during the period of providing services to the Company and other taxes and fees. The relevant arrangements for service fees shall be fair and reasonable, and as far as the Company is concerned, shall be on terms that are no less favourable to the Company than those available to or from independent third party under the same conditions. The total service fees payable by the Company to BYDA Group during the validity period of the agreement shall not exceed RMB1,800,000, including the post salary and performance salary. The post salary is fixed and accounts for 40% of the total salary, including basic salary, qualification salary, five social insurances and housing provident fund

and welfare subsidies; and performance salary is a floating salary which accounts for 60% of the total salary, and is implemented in accordance with the performance appraisal system of each department.

Payment

The Company will pay the service fees to BYDA Group's member in cash on which the assigned employee serves on a monthly basis. The relevant service fees will be funded by the internal resources of the Company.

2. Annual caps

Historical annual cap and actual transaction value

The historical annual cap and actual transaction value for the transactions under the 2022 Personnel Service Agreement are set out below:

	Annual cap for the year ending 31 December 2022 (RMB)	Historical amounts for the eleven months ended 30 November 2022 (RMB)
Service fees payable by the Company to BYDA Group	2,300,000.00	1,474,888.49

The Directors have been monitoring the transaction amounts under the 2022 Personnel Service Agreement. As at the date of this announcement, the transaction amounts under the 2022 Personnel Service Agreement did not exceed the annual cap for the year ending 31 December 2022.

Annual cap

The Board has resolved that the annual cap for the 2023 Personnel Service Agreement are as follows:

	Annual cap for the year ending 31 December 2023 (RMB)
Service fees payable by the Company to BYDA Group	1,800,000

Basis of determination of annual caps

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

- (i) the actual service fees payable by the Company to BYDA Group under the 2022 Personnel Service Agreement;
- (ii) in 2023, based on the principle of cost reduction and efficiency increase, the number of employees assigned by BYDA Group will be properly reduced, on the premise of ensuring the normal business needs of the Company; and
- (iii) reasonable fluctuations in labour costs in future.

3. Reasons for and benefits of entering into the 2023 Personnel Service Agreement

The Company is of the view that the 2023 Personnel Service Agreement will be conducive to: (i) making full use of BYDA Group's talent advantages in media resources and leveraging BYDA Group's employees with rich media experience to achieve media resources integration; and (ii) obtaining ready and stable supply of personnel services, reducing the Company's labour costs and promoting the Company's daily operations.

The Directors (including independent non-executive Directors) are of the view that the 2023 Personnel Service Agreement was entered in the ordinary and usual course of business, and the terms of the 2023 Personnel Service Agreement were entered into by the Company after arm's length negotiations and on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. At the same time, the annual cap for the transactions contemplated under the 2023 Personnel Service Agreement is also fair and reasonable and in the interests of the Company and its Shareholders as a whole.

III. COMPREHENSIVE SERVICE AGREEMENT

1. Major Terms of Comprehensive Service Agreement

Date

28 December 2022

Parties

- (i) the Company
- (ii) BYDA

Continuing transactions

The Group will provide ancillary services and technical support (“**Comprehensive Services**”) for the new media business of BYDA Group, including: (i) IT technical services, that is, the Group will provide IT software technology development and maintenance services for the new media business to BYDA Group, including but not limited to applets production, H5 development and the development and production of third-party plugins of each new media business; (ii) design services, that is, the Group provides design schemes and beautification suggestions on the framework, typesetting, art work, function list and other aspects of new media business according to the requirements of BYDA Group; (iii) copywriting planning service, that is, according to the requirements of BYDA Group, the Group provides programme planning, manuscript writing and manuscript editing services for new media business, as well as copywriting and content writing services for related cultural and creative products, etc.; and (iv) other related services, that is, supporting services or derivative services related to the above services.

Term and termination

The term of Comprehensive Service Agreement is valid from 1 January 2023 to 17 June 2025 and takes effect upon the satisfaction of the following conditions:

- (1) BYDA has a complete and effective qualification for Internet news and information collecting, editing and publishing services, and there is no foreseeable potential termination risk; and
- (2) The legal representative or authorized representative of BYDA and the Company signed the Comprehensive Service Agreement with official seals affixed.

If there is any change in national publicity policy and Internet management policy such that the cooperation mode between the parties to the Comprehensive Service Agreement on new media business is not recognized by the law and policy during the validity period of the Comprehensive Service Agreement, one party shall have the right to inform the other party either before the base date required by the law and policy or one month in advance, to terminate the Comprehensive Service Agreement unilaterally in advance without any liability for breach of contract.

Pricing policy

The service fee paid by the BYDA Group to the Group shall not be less than the service fee charged for the same or similar services provided by the Group to any third party under the same condition in accordance with the fair market principle. The service fee under the Comprehensive Service Agreement shall be settled by specific new media business, i.e. as the Group provides Comprehensive Services to the BYDA Group for each new media business, a corresponding fee should be charged by taking into account factors such as the price of the work unit as well as the time incurred and labour cost (including qualification, level and salary level, etc.) required by such comprehensive service for the new media business. The standard of service fee charged under the Comprehensive Service Agreement should comply with fair market practices and shall not be lower than the prices charged by similar comparable companies in the market under the same conditions:

- (1) the pricing range for IT service is RMB150/person/hour to RMB300/person/hour;
- (2) the pricing range for design service is RMB100/person/hour to RMB260/person/hour;
- (3) the pricing range for copywrite planning service is RMB100/person/hour to RMB260/person/hour;
- (4) other relevant service prices are decided in accordance with the pricing principle of relevant market or industry.

Payment arrangement

After the Group and parties have determined the specific amount of the service fee for the Comprehensive Services of each new media business in accordance with the above pricing basis, parties shall sign the corresponding “New Media Business Service Order” in agreed format and settle the amount according to the settlement method and time stipulated in the “New Media Business Service Order”. The signed “New Media Business Service Order” is binding on the parties.

2. Proposed annual caps

Proposed annual/period caps for the transactions under the Comprehensive Service Agreement are as below:

	For the year ending 31 December 2023 (RMB)	For the year ending 31 December 2024 (RMB)	For the period from 1 January 2025 to 17 June 2025 (RMB)
Fees payable by the BYDA Group to the Group for the Comprehensive Services	50,000,000	50,000,000	25,000,000

In arriving at the above annual/period caps, the Directors have taken into account the following factors:

- (i) In the future, the Group will fully utilize the new media business resources of BYDA Group, give the Group's technological advantages into a full play and increase the revenue of Comprehensive Services. In October 2022, the Company further enhanced its control over Beiqing Community Media, a subsidiary of the Company through share acquisition and actively expand its business. In December 2022, the contract amount of the Comprehensive Services for the new media business provided by Beiqing Community Media to BYDA Group was approximately RMB2,700,000. Relevant services have been recognized by the new media business customers, who have intended to continue to receive services provided by Beiqing Community Media as designated by BYDA Group, with similar business scale in the future years. According to the business plan of the relevant customers, the business volume by the end of February 2023 is expected to be approximately RMB8,000,000;
- (ii) The Group's new media comprehensive service business is mainly carried out by Beiqing Community Media. In recent years, Beiqing Community Media has shifted its main business focus to convergence media services for government affairs, and thus accumulated rich experience in new media comprehensive services and developed a professional technical team with new media comprehensive services capability. With 166 business staff, the team can provide 302,800 effective working hours per year and undertake comprehensive service business scale of approximately RMB70,000,000. In the future, the Group will continue to adapt to the market demand, enrich the comprehensive service team, and continuously improve the core competitiveness in technology, design, copywrite planning and video

production in the field of new media business to enhance the comprehensive services capability. The Group will also continue to build a product center, a competence center and a marketing center to strengthen resource acquisition and product system establishment, customer service and project execution, customer development and market exploration, continuously optimize staff allocation, and further leverage advantages of technical talents and extensive experience of new media comprehensive services so as to achieve more comprehensive service revenue; and

- (iii) A buffer is provided to the relevant caps for the possible increase in the comprehensive service provided by the Group to BYDA Group under the Comprehensive Service Agreement.

3. Reasons for and the benefits of entering into the Comprehensive Service Agreement

In recent years, the Group has continued to promote the transformation and upgrading of its business center from traditional media to new media and mobile Internet business. The Group has accumulated extensive experience in the Comprehensive Services for new media and formed a professional technical team with capabilities of Comprehensive Services for new media. The Company entered into the Comprehensive Service Agreement with BYDA, which will integrate the new media business resources of BYDA Group and the Group, make full use of the Group's professional advantages in technology, design, copywriting planning and video production in the field of new media comprehensive services, reduce overall operating costs and effectively enhance revenue, so as to enhance the brand influence of Beiqing in the field of new media business services.

The Directors (excluding 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 Comprehensive Service Agreement was entered into in the usual and ordinary course of the business of the Company, the terms of which were entered into by the Company after an arm's length negotiation and on normal commercial terms, and such terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole. At the same time, the relevant annual caps of the transactions contemplated under the Comprehensive Service Agreement are also fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IV. INTERNAL CONTROL MEASURES

- (a) In determining the pricing policy of the 2023 Personnel Service Agreement, the Company has referred to and evaluated the current market prices for similar services in the relevant industry and the Group's internal policies for human resources and the salary and performance management. In determining the pricing policy for the Comprehensive Service Agreement, the Company has referred to and evaluated the current market prices for similar services in the relevant industry and has taken into account the service fees charged by the Company in the past for providing the same or similar services to independent third parties to ultimately ensure that the above pricing policy is fair and reasonable and on normal commercial terms, no less favourable than those available to independent third parties;
- (b) The president of the Company is responsible for the final approval of the execution of the continuing connected transactions agreement. For the 2023 Personnel Service Agreement, the relevant hiring departments of the Company are responsible for confirming the monthly salary and total performance salary of their respective personnel from whom they receive service and reporting to the Company's human resources department for review, and payment shall be made to the members of BYDA Group only after the Company's human resources department reports to the president of the Company for final approval; for the Comprehensive Service Agreement, the Company's finance department is responsible for verifying the charging arrangement for projects, and reporting to the president of Company for final approval before signing the implementation agreement, and subsequently, the Company's finance department is responsible for verifying the total service fee receivable resulted from the Group's provision of Comprehensive Services to BYDA Group to ensure compliance with the pricing policy set out in the Comprehensive Service Agreement. Such amount shall be received from BYDA Group after approval by the head of the relevant member units of the Group;
- (c) The finance department and the Board office of the Company continuously inspect, monitor, collect and evaluate the detailed information of the Group's continuing connected transactions, including but not limited to the implementation of agreement, actual transaction amount and payment arrangement under the agreement of each continuing connected transaction, to ensure that the scope of the agreement of each continuing connected transaction and the respective annual/period cap are not exceeded;

- (d) The Company continues to improve the relevant internal control system of the Group and it proposes to improve the relevant internal control mechanism and requirements based on the latest regulatory requirements and the problems encountered in the process of managing and monitoring the continuing connected transactions, to ensure the compliance of the Group's continuing connected transactions;
- (e) The independent non-executive Directors have reviewed and will continue to review the continuing connected transactions to ensure that such transactions are on normal commercial terms and in the usual and ordinary course of business of the Group, and the terms of the related agreements are fair, reasonable and in the interests of the Company and its Shareholders as a whole; and
- (f) The auditors of the Company will also conduct an annual review on the pricing and annual/period caps of continuing connected transactions to ensure that they are within the scope of the annual/period caps under these agreements.

Taking into account of that: (i) the above methods and procedures comprise necessary components of an internal control system, such as designated departments and responsible officers, 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 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.

V. LISTING RULES IMPLICATIONS

As at the date of the announcement, BYDA holds 124,839,974 shares of the Company, representing approximately 63.27% of the issued share capital of the Company, therefore BYDA is a Connected Person of the Company under the Listing Rules. Therefore, the transactions under the 2023 Personnel Service Agreement and the Comprehensive Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) of the annual cap for the transactions under the 2023 Personnel Service Agreement for the year of 2023 after consolidating Historical Transaction exceed 0.1% but are below 5%, the transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) of the proposed annual caps for the transactions under the Comprehensive Service Agreement exceed 5%, the transactions contemplated thereunder are subject to the annual review, reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

No Director is deemed to have material interest in the transactions contemplated under the 2023 Personnel Service Agreement and the Comprehensive Service Agreement and shall abstain from voting for relevant Board resolutions.

VI. GENERAL INFORMATION

The EGM will be held to seek the Independent Shareholders' approval on the relevant annual/period caps for the transactions under the Comprehensive Service Agreement at 2:30 p.m. on Friday, 24 February 2023 at the Conference Room 704, the 7th Floor, Beijing Youth Daily Agency Building, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the People's Republic of China.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the relevant annual/period caps for the transactions under the Comprehensive Service Agreement. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, further particulars of the transactions under the Comprehensive Service Agreement, together with, the recommendations of the Independent Board Committee, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice convening the EGM are to be despatched to the Shareholders under the Listing Rules no later than 8 February 2023. As additional time is required for the Company to prepare the circular and other relevant documents for the EGM, the despatch date of the circular is expected to be beyond 15 business days after publication of this announcement.

VII. GENERAL INFORMATION OF THE PARTIES

The Company

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

BYDA

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

VIII. CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 20 February 2023 to Friday, 24 February 2023 (both days inclusive), during which period no transfer of shares will be registered, for the purpose of determining the list of shareholders entitled to attend the EGM. In order to be qualified for attending and voting at the EGM, all transfer documents of the holders of H shares together with the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited, the Company’s H share registrar and transfer office in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 17 February 2023. The record date for determining the eligibility to attend the EGM will be on Monday, 20 February 2023.

IX. DEFINITIONS

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

“2022 Personnel Service Agreement”	Personnel Service Agreement entered into by the Company and BYDA on 12 November 2021
“2023 Personnel Service Agreement”	Personnel Service Agreement entered into by the Company and BYDA on 28 December 2022
“Beiqing Community Media”	Beiqing Community Media Technology (Beijing) Co., Ltd.
“Board”	the board of directors of the Company
“BYDA”	Beijing Youth Daily Agency, a wholly state-owned enterprise incorporated under the laws of the PRC

“BYDA Group”	BYDA and its subsidiaries (excluding the Group)
“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
“Comprehensive Service Agreement”	the comprehensive service agreement dated 28 December 2022 entered into by BYDA and the Company
“Connected Person”	has the meaning ascribed under the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	the 2023 first extraordinary general meeting of the Company to be convened on Friday 24 February 2023, for approving the relevant caps of the transactions under the Comprehensive Service Agreement
“Group”	the Company and its subsidiaries
“Historical Transaction”	provision of personnel services for the year of 2023 by BYDA Group to Beiqing Community Media, a subsidiary of the Company, with relevant service fees amount not exceeding RMB1,500,000
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	an independent board committee of the Board comprising all of the independent non-executive Directors, who have no material interest in the transactions under the Comprehensive Service Agreement, namely Ms. Shi Hongying, Mr. Chan Yee Ping, Michael, Ms. Du Guoqing and Mr. Kong Weiping, which was established to advise the Independent Shareholders in relation to the relevant caps of the transactions under the Comprehensive Service Agreement

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited (嘉林資本有限公司), a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance and the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the relevant caps of the transactions under the Comprehensive Service Agreement
“Independent Shareholders”	shareholders of the Company who are not required to abstain from voting on the resolutions in relation to the relevant caps of the transactions under the Comprehensive Service Agreement to be proposed at the EGM under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“%”	per cent

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

Beijing, the PRC

28 December 2022

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

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