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

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**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)**

**(I) MAJOR TRANSACTION AND CONNECTED TRANSACTION:  
IN RELATION TO  
THE BEIJING METRO LINE 4 AND DAXING LINE  
EXCLUSIVE CONCESSION RIGHTS AGREEMENT AND  
BEIJING METRO LINE 17  
EXCLUSIVE CONCESSION RIGHTS AGREEMENT  
FOR MAJOR ADVERTISING RESOURCES;  
(II) PROPOSED AMENDMENTS TO THE ARTICLES OF  
ASSOCIATION AND CERTAIN RULES;  
(III) PROPOSED APPOINTMENT OF DIRECTOR;  
AND  
(IV) NOTICE OF EGM**

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



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A letter from the Board is set out on pages 4 to 21 of this circular and a letter from the Independent Board Committee, containing its recommendations to the Independent Shareholders, is set out on pages 22 to 23 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 24 to 43 of this circular.

A notice convening the EGM to be held at 2:00 p.m. on Friday, 29 December 2023 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 104 to 106 of this circular. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof, and deposit it with Computershare Hong Kong Investor Services Limited, the H 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 at the EGM or any adjournment thereof should you so desire.

14 December 2023

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## DEFINITIONS

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

|  |   |
|--|---|
| “Articles of Association”  | the articles of association of the Company  |
| “associate(s)”   | has the meaning ascribed thereto under the Listing Rules  |
| “Beijing Metro Line 4”   | a rapid transit line on the metro system of Beijing, entering into operation in September 2009, with a total length of 28 km and 24 stations  |
| “Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement” | the agreement dated 11 December 2023 entered into between the Company and Beijing MTR in relation to, among other things, the grant of the exclusive right to the Company to use and operate the Major Advertising Resources in Beijing Metro Line 4 and Daxing Line operated by Beijing MTR              |
| “Beijing Metro Line 17”  | a rapid transit line on the metro system of Beijing with a total length of 26.3 km and 10 stations, and the northern section of Beijing Metro Line 17 is expected to enter into operation by the end of 2023  |
| “Beijing Metro Line 17 Exclusive Concession Rights Agreement”                | the agreement dated 11 December 2023 entered into between the Company and Beijing MTR17 in relation to, among other things, the grant of the exclusive right to the Company to use and operate the Major Advertising Resources in the northern section of Beijing Metro Line 17 operated by Beijing MTR17 |
| “Beijing MTR”  | 北京京港地鐵有限公司 (Beijing MTR Corporation Limited*), a company established in the PRC with limited liability  |
| “Beijing MTR17”  | 北京京港十七號線地鐵有限公司 (Beijing Jinggang Line 17 Metro Co., Ltd.*), a wholly-owned subsidiary of Beijing MTR, established in the PRC with limited liability   |
| “Board”  | the board of Directors of the Company   |
| “BYDA”   | Beijing Youth Daily Agency (北京青年報社), comprising public institution division and enterprise division   |
| “Capital Group”  | Beijing Capital Group Co., Ltd. (北京首都創業集團有限公司), the de facto controller of the Company  |
| “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   |

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## DEFINITIONS

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|---|---|
| “Concession Fees”                                 | concession fees (including the value-added tax of 6%) payable by the Company pursuant to the Exclusive Concession Rights Agreements, consisting of guarantee fees and extra revenue commission fees   |
| “connected person(s)”                             | has the meaning ascribed thereto under the Listing Rules  |
| “Daxing Line”                                     | a rapid transit line on the metro system of Beijing, being the southern extension of Beijing Metro Line 4, operated in December 2010, with a total length of 21.8 km and 11 stations  |
| “Director(s)”                                     | the director(s) of the Company  |
| “EGM”   | the extraordinary general meeting to be convened by the Company on 29 December 2023   |
| “Exclusive Concession Rights”                     | the exclusive right to use and operate the Major Advertising Resources of Beijing Metro Line 4 and Daxing Line and the northern section of Beijing Metro Line 17 as granted to the Company under the Exclusive Concession Rights Agreements   |
| “Exclusive Concession Rights Agreements”          | the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement and Beijing Metro Line 17 Exclusive Concession Rights Agreement  |
| “Group”   | the Company and its subsidiaries  |
| “Hong Kong”                                       | Hong Kong Special Administrative Region of the PRC  |
| “Hong Kong Stock Exchange”                        | The Stock Exchange of Hong Kong Limited   |
| “Independent Appraiser” or “APA”                  | Asia-Pacific Consulting and Appraisal 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 Exclusive Concession Rights Agreements, namely Ms. Shi Hongying, Mr. Chan Yee Ping, Michael, Ms. Du Guoqing and Mr. Kong Weiping, aiming to provide advice to the Independent Shareholders on the transactions contemplated under the Exclusive Concession Rights Agreements |
| “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 Exclusive Concession Rights Agreements  |

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## DEFINITIONS

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|-------------------------------|--|
| “Independent Shareholders”    | shareholders who have no material interest in the transactions contemplated under the Exclusive Concession Rights Agreements and are not required to abstain from voting on the relevant resolution at the EGM   |
| “Latest Practicable Date”     | 11 December 2023, 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   |
| “Major Advertising Resources” | media authorized by Beijing MTR and Beijing MTR17 to be sold, operated and maintained by the Company under the Exclusive Concession Rights Agreements within the facilities of Beijing Metro Line 4 and Daxing Line and the northern section of Beijing Metro Line 17, including conventional media (light boxes, ladder boards, etc.), non-conventional media (wall stickers, bollards, etc.), subway car media as recognized by Beijing MTR and Beijing MTR17, or other new electronic media set up as agreed by the parties |
| “Model Code”                  | the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules   |
| “New Media”                   | advertising facilities or forms of advertising not introduced to the Beijing MTR system prior to the signing of the Exclusive Concession Rights Agreements, including modifications to the original advertising resources (i.e. advertising facilities or forms of advertising already introduced to the Beijing MTR system prior to the signing of the Exclusive Concession Rights Agreements)  |
| “PRC”                         | the People’s Republic of China, and for the purposes of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan  |
| “RMB”                         | Renminbi, the lawful currency of the PRC   |
| “SFO”                         | the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong)  |
| “Shareholder(s)”              | the shareholder(s) of the Company  |
| “Supervisor(s)”               | the supervisor(s) 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:*

Jing Enji

Wu Min

*Registered Office:*

Building A, No. 23 Baijiazhuang Dongli

Chaoyang District, Beijing

the PRC

*Non-Executive Directors:*

Sun Baojie

Cui Ping

Xu Jian

Wang Zechen

Zhang Lei

*Independent Non-Executive Directors:*

Shi Hongying

Chan Yee Ping, Michael

Du Guoqing

Kong Weiping

14 December 2023

*To the Shareholders*

Dear Sir or Madam,

- (I) MAJOR TRANSACTION AND CONNECTED TRANSACTION:  
IN RELATION TO  
THE BEIJING METRO LINE 4 AND DAXING LINE  
EXCLUSIVE CONCESSION RIGHTS AGREEMENT AND  
BEIJING METRO LINE 17  
EXCLUSIVE CONCESSION RIGHTS AGREEMENT  
FOR MAJOR ADVERTISING RESOURCES;**
- (II) PROPOSED AMENDMENTS TO THE ARTICLES OF  
ASSOCIATION AND CERTAIN RULES;**
- (III) PROPOSED APPOINTMENT OF DIRECTOR;  
AND  
(IV) NOTICE OF EGM**

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## LETTER FROM THE BOARD

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### I. INTRODUCTION

References are made to the announcements of the Company dated 11 December 2023 in relation to (i) the proposed amendments to the Articles of Association and certain rules; (ii) the proposed appointment of Director; and (iii) the Exclusive Concession Rights Agreements.

On 11 December 2023, (i) the Company entered into the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement with Beijing MTR, pursuant to which the Company was granted the exclusive rights to use and operate the major advertising resources in Beijing Metro Line 4 and Daxing Line operated by Beijing MTR with Concession Fees payable to Beijing MTR; and (ii) the Company entered into the Beijing Metro Line 17 Exclusive Concession Rights Agreement with Beijing MTR17, a wholly owned subsidiary of the Beijing MTR, pursuant to which the Company was granted the exclusive rights to use and operate the Major Advertising Resources in the northern section of Beijing Metro Line 17 operated by Beijing MTR17 with Concession Fees payable to Beijing MTR17.

As at the Latest Practicable Date, Beijing MTR is owned as to 2% directly and 47% indirectly by Capital Group, the de facto controller of the Company, and Beijing MTR17 is a wholly-owned subsidiary of Beijing MTR. Therefore, Beijing MTR and Beijing MTR17 are associates of Capital Group and connected persons of the Company under Chapter 14A of the Listing Rules.

The transaction under the above Exclusive Concession Rights Agreements constitutes a major and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

On the same day, (i) in order to further enhance corporate governance, the Board proposed to amend the Articles of Association, the Rules of Procedures of the Board of Directors of Beijing Media Corporation Limited and the Rules of Procedures of the Supervisory Committee of Beijing Media Corporation Limited; (ii) Mr. Wang Hao was nominated by the Board as a non-executive director of the eighth session of the Board of the Company, both subject to the approval by the Shareholders at the EGM.

The Company intends to hold the EGM at 2:00 p.m. on Friday, 29 December 2023 at Conference Room 704, 7th Floor, Beijing Youth Daily Building, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC, for the purposes of, among other things, seeking shareholders' approval for the above matters.

The purpose of this circular is to provide you with, among other things, (i) the particulars of the Exclusive Concession Rights Agreements; (ii) the proposed amendments to the Articles of Association and the said rules; (iii) the proposed appointment of Director; and (iv) a notice of the EGM, so as to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

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## LETTER FROM THE BOARD

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### II. EXCLUSIVE CONCESSION RIGHTS AGREEMENTS

#### 1. Principal Terms of the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement

|                              |  |
|------------------------------|--|
| Date:                        | 11 December 2023   |
| Parties:                     | (1) the Company; and<br>(2) Beijing MTR  |
| Subject matter:              | Beijing MTR granted the Company the exclusive rights to use and operate the Major Advertising Resources in Beijing Metro Line 4 and Daxing Line operated by Beijing MTR with Concession Fees payable by the Company to Beijing MTR.  |
| Exclusive concession period: | Two years commencing from 1 January 2024 and ending on 31 December 2025.<br><br>Subject to the applicable laws and regulations and the requirements of the Listing Rules, both parties have the right to decide whether to extend the exclusive concession period no later than three (3) months prior to the expiry of the exclusive concession period. The first extension will be for a period of one year commencing from 1 January 2026 to 31 December 2026, and the second extension will be a period of two years commencing from 1 January 2027 to 31 December 2028. |
| Amount of Concession Fees:   | The Company will pay the Concession Fees to Beijing MTR on the basis of “guarantee fees + extra revenue commission fees” as detailed below:<br><br>(i) For the guarantee fees, the guaranteed amount for the first operating year of exclusive concession for the Beijing Metro Line 4 and Daxing Line are RMB18.63 million and RMB4.70 million respectively, with an annual increment of 2%. Accordingly, the total guarantee fees payable by the Company to Beijing MTR during the exclusive concession period is RMB47.1266 million (including tax).                      |



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**LETTER FROM THE BOARD**

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- (ii) The extra revenue commission fees will be calculated based on the actual advertising revenue (*note*) and on a stepwise basis according to the following formula:

| <b>The actual advertising revenue ladder</b>  | <b>The basis for calculating extra revenue commission fees</b>   |
|---|--|
| Actual advertising revenue $\leq 1.5$ times of guaranteed amount                                    | 0  |
| 1.5 times of guaranteed amount $<$ actual advertising revenue $\leq 1.8$ times of guaranteed amount | (Actual advertising revenue – 1.5 times of guaranteed amount) $\times$ 40%   |
| 1.8 times of guaranteed amount $<$ actual advertising revenue $\leq 2$ times of guaranteed amount   | (1.8 times of guaranteed amount – 1.5 times of guaranteed amount) $\times$ 40% + (actual advertising revenue – 1.8 times of guaranteed amount) $\times$ 50%  |
| Actual advertising revenue $> 2$ times of guaranteed amount   | (1.8 times of guaranteed amount – 1.5 times of guaranteed amount) $\times$ 40% + (2 times of guaranteed amount – 1.8 times of guaranteed amount) $\times$ 50% + (actual advertising revenue – 2 times of guaranteed amount) $\times$ 60% |

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## LETTER FROM THE BOARD

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*Note:* The actual advertising revenue refers to the total value of advertising contracts actually signed by the Company with its advertisers or their agents in respect of the Major Advertising Resources of Beijing Metro Line 4 and Daxing Line, including revenue from publication fees and production fees. For the calculation of actual advertising revenue for the year or quarter, advertising contracts spanning across years or quarters shall be split and based on the actual publication date stipulated in the contract.

Payment of Concession Fees: (i) For the guarantee fees:

The Company will pay the guarantee fees to Beijing MTR on a quarterly basis (i.e. every three months). Specifically, the first quarterly guarantee fees will be payable within 15 business days from the commencement date of the exclusive concession period (i.e. 1 January 2024), and thereafter, each subsequent quarterly guarantee fees will be payable in advance within 15 business days prior to the commencement of the respective quarter.

(ii) For the extra revenue commission fees:

Without prejudice to the day-to-day operations of the Company and in compliance with the applicable laws and regulations and the Listing Rules, the Company shall appoint an independent auditor previously approved by Beijing MTR to prepare an audit report on the annual revenue from the advertising business of Beijing Metro Line 4 and Daxing Line for each of the relevant financial years, which shall be submitted to Beijing MTR within 60 calendar days from the end of the relevant financial year. The Company shall pay to Beijing MTR the extra revenue commission fees for that year within 10 working days from the date of publication of the audit report and confirmation by both parties.

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## LETTER FROM THE BOARD

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Advertising retention  
and New Media  
development:

According to the practice of the MTR industry, for the unsold advertising positions, without prejudice to the Exclusive Concession Rights, Beijing MTR has the right to use them for the non-commercial advertisements, including its corporate image, newly-opened or other lines, passenger education, operation and non-fare business, product and project promotion, which in total shall not exceed 15% of the total amount of conventional advertising media and of the total amount of the subway car media for the whole year, respectively. Among which, the costs on advertising production and up and down (i.e. replacement of advertisement images) of conventional advertising media will be borne by the Company, while the production costs of the subway car media will be borne by Beijing MTR. No consideration is payable by Beijing MTR to the Company in this regard. Having considered that such arrangements are in line with the practice of the MTR industry and the tender requirements of Beijing MTR, the Directors are of the view that such arrangements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

For the New Media invested and planned by Beijing MTR, the Company shall have the right of priority negotiation for the operation. The operation of the New Media will not prejudice the fairness, transparency and justice of treatment to advertising partners by Beijing MTR.

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## LETTER FROM THE BOARD

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- Operating conditions and restrictions: In the event of force majeure such as the construction and operation, inspection and maintenance, governmental requisition, and centralized dispatch arrangements of the MTR lines, which results in any change of the Major Advertising Resources (the proportion of adjustment and deletion of relevant media shall not exceed 5% of the total media volume of the corresponding category), for any direct or indirect losses caused to the Company as a result of or in connection with such acts in any circumstances, Beijing MTR shall proactively provide the Company with reasonable and necessary compensation, including but not limited to alternatives such as the corresponding area of advertising resources at stations of the same level, and in the event of material adjustments, the parties shall promptly renegotiate a solution for such adjustments.
- Performance deposit and default clauses: The Company will pay a performance deposit of 27% of the annual guaranteed amount (i.e. RMB6.2991 million) to Beijing MTR within ten working days after the effective date of this agreement. In the event that the Company fails to pay the concession fee for a period of 30 working days overdue or commits any other serious defaults, Beijing MTR shall have the right to deduct the actual loss of the corresponding amount from the performance deposit and reserve the right to charge interest thereon. For every payment overdue for more than ten days without the written consent of Beijing MTR, Beijing MTR shall be entitled to deduct RMB500,000 directly from the performance deposit as an additional direct penalty.
- Effective conditions: This agreement shall become effective upon the signatures and the affixing of the seal of each of the representatives of Beijing MTR and the Company as well as the fulfillment of the relevant requirements of Hong Kong Stock Exchange and regulatory authorities by the Company.

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## LETTER FROM THE BOARD

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### 2. Principal Terms of the Beijing Metro Line 17 Exclusive Concession Rights Agreement

|                              |  |
|------------------------------|--|
| Date:                        | 11 December 2023   |
| Parties:                     | (1) the Company; and<br>(2) Beijing MTR17  |
| Subject matter:              | Beijing MTR17 granted the Company the exclusive rights to use and operate the Major Advertising Resources in the northern section of Beijing Metro Line 17 operated by Beijing MTR17 with Concession Fees payable by the Company to Beijing MTR17.   |
| Exclusive concession period: | Two years commencing from 1 January 2024 and ending on 31 December 2025.<br><br>Subject to the applicable laws and regulations and the requirements of the Listing Rules, both parties have the right to decide whether to extend the exclusive concession period no later than three (3) months prior to the expiry of the exclusive concession period. The first extension will be for a period of one year commencing from 1 January 2026 to 31 December 2026, and the second extension will be for a period of two years commencing from 1 January 2027 to 31 December 2028. |
| Amount of Concession Fees:   | The Company will pay the Concession Fees to Beijing MTR17 on the basis of “guaranteed fees + extra revenue commission fees” as detailed below:<br><br>(i) For the guaranteed fees, the guaranteed amount for the first operating year of Exclusive Concession Rights for the northern section of Beijing Metro Line 17 is RMB3.67 million, with an annual increment of 2%. Accordingly, the total guarantee fees payable by the Company to Beijing MTR17 during the exclusive concession period is RMB7.4134 million (including tax).  |

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**LETTER FROM THE BOARD**

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- (ii) The extra revenue commission fees will be calculated based on the actual advertising revenue (*note*) and on a stepwise basis according to the following formula:

| <b>The actual advertising revenue ladder</b>  | <b>The basis for calculating extra revenue commission fees</b>   |
|---|--|
| Actual advertising revenue $\leq$ 1.5 times of guaranteed amount                                    | 0  |
| 1.5 times of guaranteed amount $<$ actual advertising revenue $\leq$ 1.8 times of guaranteed amount | (Actual advertising revenue – 1.5 times of guaranteed amount) $\times$ 40%   |
| 1.8 times of guaranteed amount $<$ actual advertising revenue $\leq$ 2 times of guaranteed amount   | (1.8 times of guaranteed amount – 1.5 times of guaranteed amount) $\times$ 40% + (actual advertising revenue – 1.8 times of guaranteed amount) $\times$ 50%  |
| Actual advertising revenue $>$ 2 times of guaranteed amount   | (1.8 times of guaranteed amount – 1.5 times of guaranteed amount) $\times$ 40% + (2 times of guaranteed amount – 1.8 times of guaranteed amount) $\times$ 50% + (actual advertising revenue – 2 times of guaranteed amount) $\times$ 60% |

*Note:* The actual advertising revenue refers to the total value of advertising contracts actually signed by the Company with its advertisers or their agents in respect of the Major Advertising Resources of the northern section of Beijing Metro Line 17, including revenue from publication fees and production fees. For the calculation of actual advertising revenue for the year or quarter, advertising contracts spanning across years or quarters shall be split and based on the actual publication date stipulated in the contract.

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## LETTER FROM THE BOARD

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Payment of concession rights fees: (i) For the guaranteed fee:

The Company will pay the guaranteed fee to Beijing MTR17 on a quarterly basis (i.e. every three months). Specifically, the first quarterly guaranteed fees will be payable within 15 working days from the commencement date of the exclusive concession period (i.e. 1 January 2024), and thereafter, each subsequent quarterly guaranteed fees will be payable in advance within 15 working days prior to the commencement of the respective quarter.

(ii) For the extra revenue commission fees:

Without prejudice to the day-to-day operations of the Company and in compliance with the applicable laws and regulations and the Listing Rules, the Company shall appoint an independent auditor previously approved by Beijing MTR17 to prepare an audit report on the annual revenue from the advertising business of the northern section of Beijing Metro Line 17 for each of the relevant financial years, which shall be submitted to Beijing MTR17 within 60 calendar days from the end of the relevant financial year. The Company shall pay to Beijing MTR17 the extra revenue commission fees for that year within 10 working days from the date of publication of the audit report and confirmation by both parties.

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## LETTER FROM THE BOARD

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Advertising retention  
and New Media  
development:

According to the practice of the MTR industry, for the unsold advertising positions, without prejudice to the Exclusive Concession Rights, Beijing MTR17 has the right to use them for the non-commercial advertisements, including its corporate image, newly-opened or other lines, passenger education, operation and non-fare business, product and project promotion, which in total shall not exceed 15% of the total amount of conventional advertising media and 15% of the total amount of the subway car media for the whole year, respectively. Among which, the costs on advertising production and up and down (i.e. replacement of advertisement images) of conventional advertising media will be borne by the Company, while the production costs of the subway car media will be borne by Beijing MTR17. No consideration is payable by Beijing MTR17 to the Company in this regard. Having considered that such arrangements are in line with the practice of the MTR industry and the tender requirements of Beijing MTR17, the Directors are of the view that such arrangements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

For the New Media invested and planned by Beijing MTR17, the Company shall have the right of priority negotiation for the operation. The operation of the New Media will not prejudice the fairness, transparency and justice of treatment to advertising partners by Beijing MTR17.



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## LETTER FROM THE BOARD

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Operating conditions  
and restrictions:

In the event of force majeure such as the construction and operation, inspection and maintenance, governmental requisition, and centralized dispatch arrangements of the MTR lines, which results in any change of the Major Advertising Resources (during the construction period of the northern section of Beijing Metro Line 17, the proportion of adjustment and deletion of relevant media shall not exceed 10% of the total media volume of the corresponding category; after the completion of the construction of the northern section of Beijing Metro Line 17, the proportion of adjustment and deletion of relevant media shall not exceed 5% of the total media volume of the corresponding category), for any direct or indirect losses caused to the Company as a result of or in connection with such acts in any circumstances, Beijing MTR17 shall proactively provide the Company with reasonable and necessary compensation, including but not limited to alternatives such as the corresponding area of advertising resources at stations of the same level, and in the event of material adjustments, the parties shall promptly renegotiate a solution for such adjustments.

Performance deposit  
and default clause:

The Company will pay performance deposit of 27% of the annual guaranteed amount (i.e. RMB990,900) to Beijing MTR17 within ten working days after the effective date of the agreement. In the event that the Company fails to pay the concession fee for a period of thirty working days overdue or commits any other serious default, Beijing MTR17 shall have the right to deduct the actual loss of the corresponding amount from the performance deposit and reserve the right to charge interest thereon. For every payment overdue for more than ten days without the written consent of Beijing MTR17, Beijing MTR17 shall be entitled to deduct RMB500,000 directly from the performance deposit as an additional direct penalty.

Effective conditions:

This agreement shall become effective upon the signatures and the affixing of the seal of each of the representatives of Beijing MTR17 and the Company as well as the fulfillment of the relevant requirements of Hong Kong Stock Exchange and regulatory authorities by the Company.

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## LETTER FROM THE BOARD

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### **3. Basis for Determining Concession Fees**

The Concession Fees was arrived at after taking into account a number of factors, including the location of the concession space and the target customers, and combining the projected revenues and projected operating costs and fees to be received from existing and target customers and with reference to a report issued by the Independent Appraiser. The annual increment of 2% of the guaranteed fees of the Concession Fees was arrived at in accordance with the tender requirements of Beijing MTR and Beijing MTR17.

According to the valuation report issued by the Independent Appraiser, the aggregate market value of the Exclusive Concession Rights as at 31 October 2023 was RMB57 million, including the market value of the Exclusive Concession Rights of Beijing Metro Line 4, Daxing Line and the northern section of Beijing Metro Line 17, which were RMB39.54 million, RMB9.91 million and RMB7.55 million respectively. The above valuation has been prepared by the Independent Appraiser using the discounted cash flow method of the income approach. Accordingly, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

For details of the valuation report, including the key assumptions used in the underlying valuation, please refer to Appendix I to this Circular.

The calculation methods of the above profit forecast have been reviewed by the Company's auditor, WUYIGE Certified Public Accountants LLP. The above profit forecasts do not involve the adoption of accounting policies. The Board has confirmed that the above profit forecast has been formulated after due and careful enquiry by the Board. The report of WUYIGE Certified Public Accountants LLP and the letter from the Board are set out in Appendix II and Appendix III to this circular respectively.

### **4. Reasons for and Benefits of Entering into the Exclusive Concession Rights Agreements**

The Exclusive Concession Rights Agreements involve the Exclusive Concession Rights of Major Advertising Resources on major metro lines in Beijing, namely Beijing Metro Line 4, Daxing Line and the northern section of Beijing Metro Line 17. Metro Line 4 and Daxing Line have a total operating mileage of 50 kilometers, including 35 stations, which together recorded approximately 212 million passenger trips and average weekday patronage of 675,000 in 2022. The northern section of Beijing Metro Line 17 is still under construction and is expected to be opened to traffic by the end of this year.

The Directors believe that the entering into of the Exclusive Concession Rights Agreements will enable the Company to fully utilize the advantages of its main business of integrated media advertising sales and effectively increase its revenue with the Major Advertising Resources of the relevant metro lines. Meanwhile, the exclusive operation of Major Advertising Resources in the metro will help the Company to enrich the existing advertising product types, explore new growth drivers through

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## LETTER FROM THE BOARD

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outdoor advertising business expansion, actively explore strategic transformation, capture the opportunities in the PRC metro advertising market and generate better returns for the Shareholders.

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 Exclusive Concession Rights Agreements and the transactions contemplated thereunder are 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.

### **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. As at the Latest Practicable Date, Beijing MTR is owned as to 2% and 47% by Capital Group directly and through Beijing MTR Equity Investment Fund Partnership (Limited Partnership)\* (北京京港地鐵股權投資基金合夥企業(有限合夥)) controlled by Capital Group respectively, and therefore is an associate of Capital Group, the de facto controller of the Company. Beijing MTR17 is a wholly-owned subsidiary of Beijing MTR, therefore Beijing MTR and Beijing MTR17 are associates of Capital Group and connected persons of the Company under Chapter 14A of the Listing Rules, thus the entering into of the Exclusive Concession Rights Agreements constitutes connected transactions of the Company. The transactions under the Exclusive Concession Rights Agreements also constitute acquisition under Chapter 14 of the Listing Rules.

The transactions contemplated under the Exclusive Concession Rights Agreements shall be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 5%, the transactions under the Exclusive Concession Rights Agreements constitute a non-exempt connected transaction and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. At the same time, as one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) is higher than 25% but lower than 100%, the entering into of the Exclusive Concession Rights Agreements also constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Save for Ms. Sun Baojie, Mr. Jing Enji, Ms. Cui Ping and Mr. Xu Jian, all of whom are employed by Capital Group or its subsidiaries, who are materially interested in the transactions under the Exclusive Concession Rights Agreements and abstain from voting on the relevant Board resolutions, to the 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).

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## LETTER FROM THE BOARD

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### 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 media advertising sales, production of newspapers and magazines, and trading of print-related materials.

#### *Beijing MTR*

Beijing MTR is a company established in the PRC with limited liability. As at the Latest Practicable Date, Beijing MTR is owned as to 2% by Beijing Infrastructure Investment Co., Ltd (which is owned as to 100% by the People's Government of Beijing Municipality), owned as to 2% and 47% by Capital Group directly and through Beijing MTR Equity Investment Fund Partnership (Limited Partnership)\* (北京京港地鐵股權投資基金合夥企業(有限合夥)) controlled by Capital Group respectively, and owned as to 49% by MTR Beijing Line 4 Investment Company Limited (a wholly-owned subsidiary of MTR Corporation Limited (the shares of which are listed on the Hong Kong Stock Exchange under the stock code: 66)). Beijing MTR participates in the investment, construction and operation of Beijing Metro Line 4, 14 and 16 on a PPP model (i.e. Public-Private-Partnership) and is responsible for the operation and management of Daxing Line, as well as the operation of Beijing Metro Line 17 on a leasing basis through Beijing MTR17, a wholly-owned subsidiary established by Beijing MTR. The total mileage is approximately 200 kilometers, with 162.8 kilometers in operation and 101 stations under its management.

#### *Beijing MTR17*

Beijing MTR17 is a company established in the PRC with limited liability. Beijing MTR17 is a wholly-owned subsidiary of Beijing MTR and mainly operates Beijing Metro Line 17 on a leasing basis.

### III. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND CERTAIN RULES

In order to further enhance corporate governance, the Board proposed to amend the Articles of Association on 11 December 2023. Major amendments include the changes of names of the Company's promoters, adjustment of business scope of the Company, the composition of the Board and the Supervisory Committee and the convening of the regular Board meetings, and the incorporation of Party building work into the Articles of Association. Please refer to Appendix VII for details at the amendments of the Articles of Association.

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## LETTER FROM THE BOARD

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The Board and the Supervisory Committee also respectively proposed to amend the Rules of Procedures of the Board of Directors of Beijing Media Corporation Limited (“**Rules of Procedures of the Board**”) and the Rules of Procedures of the Supervisory Committee of Beijing Media Corporation Limited (“**Rules of Procedures of the Supervisory Committee**”) on the same day to change their authority bodies to the Board and the Supervisory Committee respectively.

The above proposed amendments to the Articles of Association, Rules of Procedures of the Board and Rules of Procedures of the Supervisory Committee are subject to the approval from Shareholders at the EGM.

#### **IV. PROPOSED APPOINTMENT OF DIRECTOR**

On 11 December 2023, Mr. Wang Hao (“**Mr. Wang**”) was nominated by the Board as a non-executive director of the eighth session of the Board of the Company, subject to the approval by the Shareholders at the EGM.

##### **Biological Details of Mr. Wang**

Mr. Wang Hao, born in March 1983, is the deputy general manager of the Industrial Development Department of Beijing Capital Group Company Limited. Mr. Wang obtained a bachelor’s degree in Electrical Engineering from the University of Bristol in the United Kingdom, and a master’s degree in Business Administration jointly offered by Tsinghua University in and with the Chinese University of Hong Kong. Mr. Wang worked at CITIC Securities Co., Ltd. (Stock Code: 06030.HK, 600030.SH) from June 2007 to August 2010. Mr. Wang worked at Beijing Capital Land Ltd. (now Beijing Capital Land Co., Ltd.) from August 2010 to October 2015, and successively served as the assistant to the chairman of the Capital Management Center and the assistant to the Chairman. Mr. Wang has worked at Beijing Capital Group Company Limited since October 2015, and successively served as the deputy general manager of the Synergy Development Department, the deputy general manager of the Real Estate Department and the deputy general manager of the Industrial Development department. Mr. Wang has concurrently served as a non-executive director and a member of the Strategic Investment Committee of Beijing Capital Grand Limited (Stock Code: 01329.HK) since May 2018.

Save as disclosed in the above biographical details and as at the Latest Practicable Date, Mr. Wang does not have any relationship with any directors, senior management, substantial shareholder(s) or controlling shareholder(s) of the Company, nor holds 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, Mr. Wang does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Upon the appointment of Mr. Wang as a non-executive

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## LETTER FROM THE BOARD

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director being approved by the Shareholders, the Company will enter into a service contract with him. The term of office of Mr. Wang as a non-executive director will be from the date of approval by the Shareholders at the EGM until the expiration of the term of office of the eighth session of the Board. Pursuant to the Articles of Association, Mr. Wang will be subject to re-election upon the expiry of his term of office. Mr. Wang will not receive any emolument 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 Mr. Wang that needs to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Listing Rules.

### V. EGM

A notice convening the EGM to be held at the Conference Room 704, 7th Floor, Beijing Youth Daily Agency, No.23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC, at 2:00 p.m. on Friday, 29 December 2023, has been set out in this circular.

Votes on the resolutions to be proposed at the EGM shall be taken by way of poll. As at the Latest Practicable Date, Capital Group has 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) pursuant to the entrust management arrangement dated 20 May 2021 between Capital Group and BYDA and its beneficial owners. Capital Group has a material interest in the transactions under the Exclusive Concession Rights Agreements, therefore, Capital Group and its associates, which in aggregate hold the voting rights attached to 124,839,974 shares of the Company (representing approximately 63.27% of the issued share capital of the Company), are required to abstain from voting on the relevant resolution at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, there is no Shareholder who has material interests in the matters submitted to the EGM and is required to abstain from voting on the relevant resolutions at the EGM.

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



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## LETTER FROM THE BOARD

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### 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 Exclusive Concession Rights Agreements and the transactions contemplated 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 Exclusive Concession Rights Agreements.

The Directors also recommend Shareholders to vote in favour of other resolutions proposed at the EGM.

### VII. OTHER INFORMATION

Your attention is drawn to (i) the Letter from the Independent Board Committee set out in this circular which contains the transaction under the Exclusive Concession Rights Agreements, 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 transactions under the Exclusive Concession Rights Agreements, 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*  
**Sun Baojie**

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the letter from the Independent Board Committee to the Independent Shareholders in respect of the transactions under the Exclusive Concession Rights Agreements, 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)**

14 December 2023

*To the Independent Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION AND CONNECTED TRANSACTION:  
IN RELATION TO  
THE BEIJING METRO LINE 4 AND DAXING LINE  
EXCLUSIVE CONCESSION RIGHTS AGREEMENT AND  
BEIJING METRO LINE 17  
EXCLUSIVE CONCESSION RIGHTS AGREEMENT  
FOR MAJOR ADVERTISING RESOURCES  
AND  
NOTICE OF EGM**

We refer to the circular of the Company dated 14 December 2023 (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 Exclusive Concession Rights Agreements (details of which are set out in the letter from the Board) are 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 the Independent Shareholders on the fairness and reasonableness of the transactions under the Exclusive Concession Rights Agreements. Details of the advice from Gram Capital, together with the principal factors taken into consideration in arriving at such advice, have been set out in the Circular.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Your attention is also drawn to the letter from the Board set out in the Circular and the additional information set out in the appendices to the Circular.

Having considered (i) the terms and conditions of the transactions under the Exclusive Concession Rights Agreements, (ii) the discussion with the management of the Company about the background to and nature of the transactions under the Exclusive Concession Rights Agreements, (iii) the basis for determining the Concession Fees, (iv) the business and financial effects of the transactions under the Exclusive Concession Rights Agreements, 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 Exclusive Concession Rights Agreements (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) are entered into in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM so as to approve the transactions under the Exclusive Concession Rights Agreements.

Yours faithfully,

For and on behalf of the Independent Board Committee of

**Beijing Media Corporation Limited**

*Independent Non-executive Directors*

**Shi Hongying**

**Chan Yee Ping, Michael**

**Du Guoqing**

**Kong Weiping**

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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 Independent Shareholders in respect of the Transaction 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

14 December 2023

*To: The Independent Board Committee and the Independent Shareholders  
of Beijing Media Corporation Limited*

Dear Sir/Madam,

### MAJOR TRANSACTION AND CONNECTED TRANSACTION

#### INTRODUCTION

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 Exclusive Concession Rights Agreements (the “**Transaction**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 14 December 2023 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.

With reference to the Board Letter, on 11 December 2023, (i) the Company entered into the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement with Beijing MTR, pursuant to which the Company was granted the exclusive rights to use and operate the major advertising resources in Beijing Metro Line 4 and Daxing Line operated by Beijing MTR with Concession Fees payable to Beijing MTR; and (ii) the Company entered into the Beijing Metro Line 17 Exclusive Concession Rights Agreement with Beijing MTR17, a wholly-owned subsidiary of the Beijing MTR, pursuant to which the Company was granted the exclusive rights to use and operate the major advertising resources in the northern section of Beijing Metro Line 17 operated by Beijing MTR17 with Concession Fees payable to Beijing MTR17.

With reference to the Board Letter, the Transaction constitutes a major and connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

The Independent Board Committee comprising Ms. Shi Hongying, Mr. Chan Yee Ping, Michael, Ms. Du Guoqing and Mr. Kong Weiping, being all of the independent non-executive Directors, has been formed to advise the Independent Shareholders on (i)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of the business of the Company; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transaction at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, 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 transaction (details of which were set out in the Company's circular dated 15 December 2021); (ii) continuing connected transaction (details of which were set out in the Company's circular dated 31 March 2022); (iii) very substantial acquisition and continuing connected transaction (details of which were set out in the Company's circular dated 26 May 2022); (iv) continuing connected transactions (details of which were set out in the Company's circular dated 8 February 2023) and (v) very substantial acquisition and continuing connected transaction (details of which were set out in the Company's circular dated 25 May 2023). 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 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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transaction. 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.

We have not made any independent evaluation or appraisal of the Exclusive Concession Rights, and we have not been furnished with any such evaluation or appraisal, save as and except for the valuation report on the Exclusive Concession Rights (the "**Valuation Report**"), which is set out in Appendix I to the Circular, as prepared by Aisa-Pacific Consulting and Appraisal Limited, an independent appraiser. Since we are not experts in valuation of companies and assets, we have relied solely upon the Valuation Report for the market value of the Exclusive Concession Rights under the Exclusive Concession Rights Agreements as at 31 October 2023 (the "**Valuation**").

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 Group. 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 herein 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, Beijing MTR, Beijing MTR17 or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. 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 while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

**PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

**A. BACKGROUND AND REASONS FOR THE TRANSACTION**

**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 media advertising sales, production of newspapers and magazines, and trading of print-related materials.

Set out below are the Group’s consolidated financial information for the two years ended 31 December 2022 as extracted from the Company’s annual report for the year ended 31 December 2022 (the “**2022 Annual Report**”):

|  | <b>For the year<br/>ended<br/>31 December<br/>2022<br/> (“FY2022”)<br/>(audited)<br/>RMB’000</b> | <b>For the year<br/>ended<br/>31 December<br/>2021<br/> (“FY2021”)<br/>(audited)<br/>RMB’000</b> | <b>Change<br/>%</b> |
|--|--|--|---------------------|
| Total operating income                                     | 158,397  | 187,552  | (15.55)             |
| Net loss attributable to<br>shareholders of the<br>Company | (23,500)   | (64,159)   | (63.37)             |

As illustrated in the above table, the Group’s total operating income for FY2022 represented a decrease of approximately 15.55% as compared to that for FY2021. With reference to the 2022 Annual Report, the aforesaid decrease was mainly due to the impact of COVID-19 pandemic, the competition from new media and changes in policy, the operating revenue of the various business sectors of the Group declined to varying degrees.

The Group recorded net loss attributable to shareholders of the Company of approximately RMB23.5 million for FY2022, representing a substantial decrease of loss of approximately 63.37% as compared with that for FY2021. With reference to the 2022 Annual Report, such decrease was mainly due to (i) bad debts accrued over years and the provision for asset impairment significantly decreased by approximately RMB37.26 million in 2022; (ii) proactively taking measures of reducing costs and enhancing efficiency, including optimizing human resources allocation, strictly controlling costs and reducing business expenses. The administrative expenses for FY2022 were therefore significantly decreased by approximately RMB6.89 million, representing a decrease of 18.64% as compared with that for FY2021; and (iii)

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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turnaround from loss to profit of BYD Logistics Company Limited, a subsidiary of the Company, whose net profit for FY2022 was approximately RMB850,000, achieving not only operating profits but also financial profit after provision.

Set out below are the Group's consolidated financial information for the six months ended 30 June 2023 (with comparative figures) as extracted from the Company's interim report for the six months ended 30 June 2023 (the "2023 Interim Report"):

|  | <b>For the six<br/>months ended<br/>30 June 2023<br/>("1H2023")<br/>(unaudited)<br/>RMB'000</b> | <b>For the six<br/>months ended<br/>30 June 2022<br/>("1H2022")<br/>(unaudited)<br/>RMB'000</b> | <b>Change<br/><br/>%</b> |
|--|---|---|--------------------------|
| Total operating revenue                                    | 80,666  | 72,207  | 11.71                    |
| Net loss attributable to<br>shareholders of the<br>Company | (4,155)   | (11,896)  | (65.07)                  |

As illustrated in the above table, the Group's total operating revenue for 1H2023 represented an increase of approximately 11.71% as compared to that for 1H2022. With reference to the 2023 Interim Report, such increase was mainly due to the fact that Beiqing Community Media Technology (Beijing) Co., Ltd., a subsidiary of the Company, achieved growth in operating revenue through expanding convergence media publicity and comprehensive services businesses.

The Group recorded net loss attributable to shareholders of the Company of approximately RMB4.16 million for 1H2023, representing a substantial decrease of loss of approximately 65.07% as compared with that for 1H2022. With reference to the 2023 Interim Report, such decrease was mainly due to (i) the aforementioned increase in the Group's total operating revenue for 1H2023 as compared to that for 1H2022; (ii) the investment income of approximately RMB8.06 million for 1H2023, representing an increase of approximately RMB7.96 million as compared with that for 1H2022, which mainly included dividend incomes of approximately RMB6.82 million and approximately RMB729,000 from the Company's investment in Beiyang Publishing & Media Co., Ltd. and Beijing Keyin Media Culture Co., Ltd., respectively, and the consideration of approximately RMB526,000 from the withdrawal of Shanghai Beiqing Printing Machinery Limited by BYD Logistics Company Limited, a subsidiary of the Company, through target capital reduction; and (iii) the Company effectively used its idle funds, and realised a gain of approximately RMB4.59 million on the changes in fair value through the assets management business of the single asset management scheme.



As also stated in the 2023 Interim Report, the Company enriched the types of advertising products, actively developed outdoor advertising resources, carried out full-project agency for advertising business and planned special brand activities, and explored closed-loop solutions for marketing services. In addition, the Group will endeavour to play the role of “Capital Group’s market-oriented business exploration platform for the cultural and sports industry”, to strengthen product and capacity construction. Based on the Group’s own resource endowment, the Group will explore new growth drivers through internal and external business synergies in a way that builds the core competitiveness of the Company. The Group will actively explore business transformation with a focus on comprehensive services of new media operation and maintenance and community cultural space operation, innovate intellectual property operation and maintenance and brand activity planning, build the full industry chain of youth study, and expand asset-light operation models such as camping education, so as to form benign industrial linkages to respond to industry risks through diversified revenue models. The Group will continue to deepen its management to strengthen talent development and performance assessment, improve internal risk control, accelerate resolving previous issues, and consolidate its operation foundation by improving quality and efficiency.

#### **Information on Beijing MTR and MTR17**

With reference to the Board Letter, Beijing MTR is a company established in the PRC with limited liability. As at the Latest Practicable Date, Beijing MTR is owned as to 2% by Beijing Infrastructure Investment Co., Ltd (which is owned as to 100% by the People’s Government of Beijing Municipality), owned as to 2% and 47% by Capital Group directly and through Beijing MTR Equity Investment Fund Partnership (Limited Partnership)\* (北京京港地鐵股權投資基金合夥企業(有限合夥)) controlled by Capital Group respectively, and owned as to 49% by MTR Beijing Line 4 Investment Company Limited (a wholly-owned subsidiary of MTR Corporation Limited (the shares of which are listed on the Hong Kong Stock Exchange under the stock code: 66)).

Beijing MTR participates in the investment, construction and operation of Beijing Metro Line 4, 14 and 16 on a Public-Private-Partnership (PPP) model and is responsible for the operation and management of Daxing Line, as well as the operation and management of Line 17 under a lease through Beijing MTR17. The total mileage is approximately 200 kilometers, with 162.8 kilometers in operation and 101 stations under its management.

With reference to the Board Letter, Beijing MTR17 is a company established in the PRC with limited liability. Beijing MTR17 is a wholly-owned subsidiary of Beijing MTR and mainly operates Beijing Metro Line 17 on a leasing basis.

With reference to the Board Letter, Beijing MTR and Beijing MTR17 are associates of Capital Group and connected persons of the Company under Chapter 14A of the Listing Rules.

**Reasons for and benefits of the Transaction**

With reference to the Board Letter, the Exclusive Concession Rights Agreements involve the Exclusive Concession Rights of Major Advertising Resources on major metro lines in Beijing, namely Beijing Metro Line 4, Daxing Line and the northern section of Beijing Metro Line 17. Metro Line 4 and Daxing Line have a total operating mileage of 50 kilometers, including 35 stations, which together recorded approximately 212 million passenger trips and an average weekday patronage of 675,000 in 2022. The northern section of Beijing Metro Line 17 is still under construction and is expected to be opened to traffic by the end of this year.

The Directors believe that the entering into of the Exclusive Concession Rights Agreements will enable the Company to fully utilize the advantages of its main business of integrated media advertising sales and effectively increase its revenue with the Major Advertising Resources of the relevant metro lines. Meanwhile, the exclusive operation of Major Advertising Resources in the metro will help the Company to enrich the existing advertising product types, explore new growth drivers through outdoor advertising business expansion, actively explore strategic transformation, capture the opportunities in the PRC metro advertising market and generate better returns for the Shareholders.

According to the 2023 Interim Report, we noted that (i) the Group recorded revenue generated from advertising segment (i.e. sales of convergence media advertising, event planning, and provision of comprehensive services) of approximately RMB37.09 million for 1H2023, accounting for approximately 46.0% of the Group's total operating revenue for 1H2023; and (ii) the Group will actively explore business transformation with a focus on comprehensive services of new media operation and maintenance and community cultural space operation, innovate intellectual property operation and maintenance and brand activity planning, build the full industry chain of youth study, and expand asset-light operation models such as camping education, so as to form benign industrial linkages to respond to industry risks through diversified revenue models. As advised by the Directors, the entering into of the Exclusive Concession Rights Agreements was the part of the sales of convergence media advertising and aligns with the Group's future plans as aforementioned.

Having considered the above, we consider that the Transaction is conducted in the ordinary and usual course of business of the Group and is in the interest of the Company and the Shareholders as a whole.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### B. PRINCIPAL TERMS OF THE TRANSACTION

Set out below are the principal terms of the Transaction, details of which are set out under the section headed “Exclusive Concession Rights Agreements” of the Board Letter.

|   | <b>Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement</b>   | <b>Beijing Metro Line 17 Exclusive Concession Rights Agreement</b>   |
|---|---|--|
| Date:   | 11 December 2023  |  |
| Parties:  | The Company; and Beijing MTR  | The Company; and Beijing MTR17   |
| Subject matter:                                 | Beijing MTR granted the Company the exclusive rights to use and operate the Major Advertising Resources in Beijing Metro Line 4 and Daxing Line operated by Beijing MTR with Concession Fees payable by the Company to Beijing MTR.   | Beijing MTR17 granted the Company the exclusive rights to use and operate the Major Advertising Resources in the northern section of Beijing Metro Line 17 operated by Beijing MTR17 with Concession Fees payable by the Company to Beijing MTR17. |
| Exclusive concession period for advertisements: | Two years commencing from 1 January 2024 and ending on 31 December 2025.<br><br>Subject to the applicable laws and regulations and the requirements of the Listing Rules, both parties have the right to decide whether to extend the exclusive concession period no later than three (3) months prior to the expiry of the period. The first extension will be for a period of one year commencing from 1 January 2026 to 31 December 2026, and the second extension will be a period of two years commencing from 1 January 2027 to 31 December 2028. |  |

#### **Amount of concession fee**

The Company will pay the concession fee to Beijing MTR/Beijing MTR17 on the basis of “guaranteed amount + extra revenue commission fees” as detailed below:

- (i) For the guaranteed amount, the guaranteed amount for the first operating year of exclusive concession for the Beijing Metro Line 4, Daxing Line and the northern section of Beijing Metro Line 17 are RMB18.63 million, RMB4.70 million and RMB3.67 million respectively, with an annual increment of 2%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) The extra revenue commission fees will be calculated based on the actual advertising revenue<sup>(note)</sup> and on a stepwise basis according to the following formula:

| <b>The actual advertising revenue ladder</b>  | <b>The basis for calculating extra revenue commission fees</b>  |
|---|---|
| Actual advertising revenue<br>≤1.5 times of guaranteed amount                                     | 0   |
| 1.5 times of guaranteed amount<br>< actual advertising revenue<br>≤1.8 times of guaranteed amount | (Actual advertising revenue –<br>1.5 times of guaranteed amount)<br>× 40%   |
| 1.8 times of guaranteed amount<br>< actual advertising revenue<br>≤2 times of guaranteed amount   | (1.8 times of guaranteed amount –<br>1.5 times of guaranteed amount)<br>× 40% + (actual advertising<br>revenue – 1.8 times of guaranteed<br>amount) × 50%   |
| Actual advertising revenue<br>> 2 times of guaranteed amount                                      | + (1.8 times of guaranteed amount<br>– 1.5 times of guaranteed amount)<br>× 40% + (2 times of guaranteed<br>amount – 1.8 times of guaranteed<br>amount) × 50% + (actual<br>advertising revenue – 2 times of<br>guaranteed amount) × 60% |

*Note:* The actual advertising revenue refers to the total value of advertising contracts actually signed by the Company with its advertisers or their agents in respect of the Major Advertising Resources of Beijing Metro Line 4, Daxing Line and northern section of Beijing Metro Line 17 (as the case may be), including revenue from publication fees and production fees. For the calculation of actual advertising revenue for the year or quarter, advertising contracts spanning across years or quarters shall be split and based on the actual publication date stipulated in the contract.

Pursuant to the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement and Beijing Metro Line 17 Exclusive Concession Rights Agreement and as confirmed by the Directors, the guaranteed amounts for the two years ending 31 December 2025 would be approximately RMB54.54 million (including tax).

With reference to the Board Letter, the Concession Fees was arrived at after taking into account a number of factors, including the location of the concession space and the target customers, and combining the projected revenues and projected operating costs and fees to be received from existing and target customers and with reference to a report issued by the Independent Appraiser by the Company. The annual increment of 2% of the guaranteed fees of the Concession Fees was arrived at in accordance with the tender requirements of Beijing MTR and Beijing MTR17.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the valuation report issued by the Independent Appraiser, the aggregate market value of the Exclusive Concession Rights as at 31 October 2023 was RMB57,000,000 including the market value of the Exclusive Concession Rights of Beijing Metro Line 4, Daxing Line and the northern section of Beijing Metro Line 17 of RMB39,540,000, RMB9,910,000 and RMB7,550,000 respectively.

### *The Valuation Report*

To assess the fairness and reasonableness of the Concession Fees, we obtained the Valuation Report prepared by the Independent Appraiser, which is set out in Appendix I to the Circular.

For our due diligence purpose, we reviewed and enquired into (i) the terms of engagement of the Independent Appraiser; (ii) the Independent Appraiser's qualification in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by the Independent Appraiser for preparing the Valuation Report. From the mandate letter and other relevant information provided by the Independent Appraiser and based on our interview with them, we were satisfied with the terms of engagement of the Independent Appraiser as well as their qualification for preparation of the Valuation Report. The Independent Appraiser also confirmed that they are independent to the Group, Beijing MTR and Beijing MTR17.

In preparing the Valuation Report, the Independent Appraiser concluded the Valuation by using discounted cash flow method under income approach. As confirmed by the Independent Appraiser, the Independent Appraiser has considered the three generally accepted appraisal approaches to value, namely, market approach, cost approach and income approach. Having considered (i) that there are no publicly active comparable transactions for Exclusive Concession Rights; and (ii) the nature of the Exclusive Concession Right, value of which will be mainly dependent on the future benefit from the operation of the Concession Right Project of Major Advertising Resources of Beijing MTR Corporation Limited (《北京京港地鐵有限公司主要廣告資源經營權項目》) (the “**Project**”), we concur with the Independent Appraiser that the market approach and cost approach are inappropriate for valuing the Exclusive Concession Rights.

As the Independent Appraiser concluded the Valuation using income approach, it is stipulated under the Listing Rules that the Company is required to obtain:

- (i) a letter from the its auditors or reporting accountants confirming that they have reviewed the accounting policies and calculations for the forecast and containing their report; and
- (ii) a report from the its financial advisers confirming that they are satisfied that the forecast has been made by the directors after due and careful enquiry. If no financial advisers have been appointed in connection with the transaction, the Company must provide a letter from the board of directors confirming they have made the forecast after due and careful enquiry.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We consider that the above stipulation of the Listing Rules could safeguard the interest of the Shareholders. We noted that (i) the Company's auditor confirmed that in their opinion, the forecasts have been properly prepared, in all material respects, on the basis of assumptions adopted by the Directors as to the arithmetical accuracy of the calculations of the forecast; and (ii) the Board confirms that the profit forecast of the Exclusive Concession Rights of the Major Advertising Resources of Beijing MTR has been made by us after due and careful enquiry. Please refer to Appendix II and Appendix III to the Circular for details.

We further reviewed and enquired into the Independent Appraiser on the methodologies adopted and the basis and assumptions adopted in the Valuation Report in order for us to understand the Valuation Report. We understood that values of the Exclusive Concession Rights depend on the present worth of future economic benefits to be derived from the projected sales income. Indications of value have been developed by discounting projected future net cash flows at discount rates which are appropriate for the risks of the business. We conducted the following works:

*A. Forecast period*

According to the Valuation Report, the forecast period of the estimated cash flows forecast of the Exclusive Concession Rights are two years with reference to the operating period of the Project from 1 January 2024 and ending on 31 December 2025.

As the forecast period of the estimated cash flows forecast of the Exclusive Concession Rights cover the whole effective period of the Exclusive Concession Rights Agreements, we are of the view that the forecast period is reasonable.

*B. Net Cash Flow*

As stated in the Valuation Report, net cash flow = EBIAT – NWC – CAPEX + Depr

**B.1 EBIAT**

Upon our enquiry, we understood that:

- the forecasted revenue of the Project amounted to approximately RMB41.84 million and approximately RMB45.26 million for each of the two years ending 31 December 2025 respectively, which mainly comprises advertising display services and advertising production, installation, and dismantling services. The forecasted revenue is compiled in terms of an advertising space at metro stations and estimated based on the price and publication rate/frequency of advertising space.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- the forecasted earnings before interest and taxes (“**EBIT**”) amounted to approximately RMB31.19 million and approximately RMB33.18 million for each of the two years ending 31 December 2025, which was calculated as the aforesaid forecasted revenue of the Project minus total operating expenses of the Project.

To assess the fairness and reasonableness of the forecasted revenue, we obtained the workings of the Valuation (the “**Valuation Workings**”) from the Independent Appraiser. Pursuant to the Valuation Workings, we noted that the forecasted revenue was made with reference to (i) the market research conducted by the Company (the “**Market Research**”) in relation to the publish price of advertising space at metro stations of Beijing Metro Line 4, Daxing Line and northern section of Beijing Metro Line 17 (the “**Metro Stations**”); (ii) the publication rate/frequency of advertising space at the Metro Stations (the “**Publication Rate**”) and (iii) the discount offered to clients (the “**Discount to Clients**”).

In respect of the publish price of the advertising space at the Metro Stations, for our due diligence purpose, we searched for the quotations for several advertising spaces at the Metro Stations as published on the website of Shenzhen Quanmaitong Culture Communication Co., Ltd. (a cultural media company which was established in 2013 with the principal business in provision of advertising placement solutions), an online platform comprises quotations for advertising spaces in subways, airports and outdoor locations in major cities in the PRC. We reviewed quotations of six advertising spaces in Beijing, being all quotations for advertising spaces which are directly comparable to the advertising spaces as contained in the Market Research. We noted that the price of advertising space at the Metro Stations as stated in the Market Research are the same as those published on the online platform. In addition, we also obtained anticipated publish price submitted by the Company during the tendering process of the Project. According to the aforesaid information, the estimated publish prices of the advertising space adopted in the Valuation were in line with the anticipated publish price submitted by the Company.

In respect of the Publication Rate, upon our request, the Independent Appraiser provided us with relevant research (the “**Research**”) regarding the publication rate of advertising space at certain metro stations (including the Metro Stations) in Beijing. According to the Research, we noted that the Publication Rate as applied in the Valuation did not deviate much from (with difference of approximately five percentage points) the implied weighted average publication rate (taking into account the forecasted revenue of advertising display services to be generated from relevant Metro Stations and the corresponding publication rate as stated in the Research).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In respect of the Discount to Clients, we obtained a list, summarising the range of discount offered to clients by the Group for other advertisement arrangement. The Discount to Clients falls within the said range.

Having considered the above, we consider the forecasted revenue of the Project to be reasonable.

To assess the reasonableness of relevant cost/expenses/EBIT of the Project for the two years ending 31 December 2025, we attempted to cross check the ratio of EBIT to revenue (the “**EBIT Margin**”) of the Project, being approximately 74.5% and approximately 73.3% for each of the two years ending 31 December 2025 respectively. However, according to the Valuation Report, the market value of the Exclusive Concession Right is a pre-concession right fee value, which is the economic benefit the owner of the Exclusive Concession Right could derive from the operation of the advertising business in the Project without concession fee. After discussing with Independent Appraiser, we adjusted EBIT of the Project to deduct the concession fee of the Project (“**Adjusted EBIT**”) and calculated the Adjusted EBIT to revenue (the “**Adjusted EBIT Margin**”) of the Project, being approximately 7.1% and 9.7% for each of the two years ending 31 December 2025 respectively, to assess reasonableness of relevant cost/expenses/EBIT of the Project by comparing with EBIT margin of comparable companies. Upon our further request, we obtained comparable companies selected by the Independent Appraiser. For our due diligence purpose, we enquired the Independent Appraiser and understood that the selection criteria of the aforesaid comparable companies. (i.e. (i) the comparable companies are publicly listed; and (ii) the comparable companies are principally engaged in out of door advertising business in the PRC including Hong Kong with such relevant segments having accounted for no less than 50% of their respective total revenues for the latest financial year ended) (the “**Comparable Companies**”). We understood from the Independent Appraiser that the list of comparable companies is exhaustive based on their selection criteria and to their best endeavour. Based on the aforesaid criteria, we considered the Comparable Companies are fair and representative for the purpose of our analyses herein. In addition, we further checked the nature and financial information of the aforesaid comparable companies and noted that (i) the comparable companies met the aforementioned selection criteria; and (ii) the EBIT Margin Range applied in the Valuation was accurate. Based on the aforesaid information, the Adjusted EBIT Margin of the Project for each of the two years ending 31 December 2025 was within the range of EBIT Margin of the comparable companies selected by the Independent Appraiser for the five years ended 31 December 2022 (the “**EBIT Margin Range**”).

Having considered the above and that the income tax rate applied in the Valuation was 25%, we consider the forecasted EBIAT of the Project to be reasonable.



## B.2 NWC, CAPEX & Depreciation

With reference to the management operation plan, the management of the Company estimated that the receipt on revenue and payment on the cost and expenses will be executed in the corresponding financial period, therefore the change in working capital in the forecast period was estimated as zero. Upon our request, we obtained the management operation plan.

In respect of CAPEX and depreciation, we obtained calculation of the aforesaid two items from the Company. The estimation per the Valuation is in line with the said calculation.

## B.3 Conclusion on net cash flow

Based on the above, we are of the view that the net cash flow is fair and reasonable.

## C. *Discount rate*

The discount rate (weighted average cost of capital of the Project, which was calculated by multiplying the cost of each capital source (debt and equity) by its relevant weight and then adding the products together) applied to the appraisal was approximately 12.00%. To assess the parameters adopted in the calculation of discount rate, we conducted the following works, including, review data published by relevant experts or scholars, seek for various valuation standards/guidelines, collect data for the calculation of relevant parameters.

We noted that the Independent Appraiser adopted capital asset pricing model (“CAPM”) to assess the cost of equity of the Project. In arriving at the cost of equity, the Independent Appraiser took into account (i) risk-free rate; (ii) equity risk premium; (iii) beta; and (iv) specific risk premium.

For our due diligence purposes, we performed the following works:

- We searched through the internet and noted that CAPM is widely adopted for the purpose of formulating the required rate of return on equity.
- We noted that the Independent Appraiser adopted the risk-free rate of 2.36% in the Valuation, which was determined with reference to of China Government bond with maturity of two years quoted on the website ([www.chinabond.com.cn](http://www.chinabond.com.cn)).

We noted from 《資產評估專家指引第12號 — 收益法評估企業價值中折現率的測算》 (Asset Appraisal Expert Guideline No. 12 — Calculation of Discount Rate in Income Approach Appraisal of Enterprise Value\*, the “**Expert Guideline No. 12**”) as promulgated by the China Appraisal Society, that the risk-free interest rate is usually represented by the yield

of government bonds. The matching of remaining maturity of government bonds and forecast period of cashflow should be considered when choosing government bonds as reference.

We cross-checked the yield of two-year China Government bonds as at the Valuation Date on the website of China Central Depository & Clearing Co., Ltd. (“CCDC”) (i.e. [www.chinabond.com.cn](http://www.chinabond.com.cn)) and noted that the risk-free rate adopted by the Independent Appraiser is consistent to that published by CCDC.

- We obtained the list of comparable companies used for the calculation of re-levered beta and searched for the unlevered beta of these selected comparable companies through Wind Financial Terminal and noted that such comparable companies are the same as the Comparable Companies for our analyses in Adjusted EBIT Margin. As (i) the Comparable Companies are principally engaged in out of door advertising business in the PRC including Hong Kong with such relevant segments having accounted for no less than 50% of their respective total revenues for the latest financial year ended; and (ii) such Comparable Companies are exhaustive based on the Independent Appraiser’s selection criteria and to their best endeavour. We considered the list of Comparable Companies is fair and representative for the calculation of unlevered beta. We noted that the beta adopted by the Independent Appraiser was generally in line with those as extracted from Wind Financial Terminal. The beta of the Project adopted by the Independent Appraiser (i.e. re-leveraged beta) is further calculated based on the average unlevered beta and debt to equity ratio of the relevant comparable companies. We noted that the calculation of beta is in line with the guidance of the Expert Guideline No. 12.
- We noted that the Independent Appraiser adopted 7.17% as equity risk premium, which was made reference to the “Kroll Cost of Capital Navigator” under Kroll, LLC. (*Note*) research regarding equity risk premium published by Kroll.

We noted from “Country Default Spreads and Risk Premiums” updated on 14 July 2023, the author of which is Aswath Damodaran (being a Professor of Finance at New York University Stern School of Business), equity risk premium of China was 6.07%.

Furthermore, we understood from the Independent Appraiser that market risk premium represents the difference between the expected return on a market portfolio and the risk-free rate, being the additional returns which investors would require when putting a portfolio of assets at risk in the market. As such, the return of securities market indices are often used in determining market risk premium for valuation purpose.



We also noted from the Expert Guideline No. 12 that market price premium can be determined with reference to (1) indices of securities market in the PRC; (2) the premium of other mature capital market; or (3) the statistics as published by relevant experts or professional bodies. Based on China Securities Index 300 yield and according to Wind Financial Terminal, the annualized return of China Securities Index 300 was approximately 7.16%.

Based on our above analyses, we are of the view that the equity risk premium adopted by the Independent Appraiser is fair and reasonable.

- We noted that the Independent Appraiser adopted the size premium of 3.05% as; and 1% as other specific risk premium. We noted from the Expert Guideline No. 12 that, the determination of specific risk premium, among other things, is to split the specific risk premium into size premium risk and other specific risk. The size premium can be obtained through statistical analysis of capital market data, or by referencing data published by relevant experts, scholars, or professional institutions; and other specific risk premiums can be determined through empirical judgment and analysis.

As (i) the size premium adopted as 3.05% refers to the “Kroll Cost of Capital Navigator” under Kroll, LLC. (*Note*) and other specific risk premium determined by considering the difference between the Project and comparable companies in operating status operating product etc.; and (ii) the Independent Appraiser’s experience and qualification and the common range of other specific risk premium in traditional industry is from 1% to 4% in valuation practice according to the Valuation Report, we consider the adoption of specific risk premium is justifiable.

*Note:* formerly known as Duff & Phelps, which was founded in 1932. We noticed the adoption of Kroll Inc.’s or Duff & Phelps’ publication on equity risk premium and size premium in certain valuation reports contained in circulars published by other listed companies in Hong Kong.

In respect of cost of debt, the Independent Appraiser adopted 3.15% as cost of debt. We noted that the aforesaid amount is the same as five-year or above loan prime rate as announced by National Interbank Funding Center (全國銀行間同業拆借中心) on 20 October 2023, net of tax. National Interbank Funding Center (全國銀行間同業拆借中心) announced loan prime rates for different duration, i.e. one-year; and five-year or above. As the duration of exclusive concession period for advertisements is two years, we consider the adoption of cost of debt by referencing to five-year or above loan prime rate is reasonable. Accordingly, we are of the view that the cost of debt is fair and reasonable.

As advised by the Directors, they intended to operate the Project by its internal resources. Therefore, the Independent Appraiser adopted nil as debt to market capitalization ratio.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the above, we are of the view that the WACC (i.e. the discount rate) adopted by the Independent Appraiser are justifiable.

Based on the above and information/documents (e.g. explanation to key factors, calculations, etc.) in respect of the Valuation provided to us by the Independent Appraiser and/or the Company and having considered the Independent Appraiser's qualification and experience, we have not identified any major factors which caused us to doubt the fairness and reasonableness of the principal bases and assumptions adopted for the Valuation.

Having also considered our due diligence work on the Valuation Report as mentioned above, we consider that principal bases and assumptions adopted in the Valuation are reasonable.

Having considered the above our analyses, we are of the view that the guaranteed amounts for the Project are fair and reasonable.

In respect of extra revenue commission fees, as the basis for calculation of extra revenue commission fees is the same as those set out in the tender document of the Project and applied to all participants (i.e. possible service providers), we are of the view that basis for calculation of extra revenue commission fees are fair and reasonable.

**Other terms:**

**Payment of Concession Fees:** (i) For the guaranteed fees:

The Company will pay the guaranteed fees to Beijing MTR/Beijing MTR17 (as the case may be) on a quarterly basis (i.e. every three months). Specifically, the first quarterly guarantee fees will be payable within 15 business days from the commencement date of the exclusive concession period (i.e. 1 January 2024), and thereafter, each subsequent quarterly guarantee fees will be payable in advance within 15 business days prior to the commencement of the respective quarter.

(ii) For the extra revenue commission fees:

Without prejudice to the day-to-day operations of the Company and in compliance with the applicable laws and regulations and the Listing Rules, the Company shall appoint an independent previously approved by Beijing MTR/Beijing MTR17 (as the case may be) to prepare an audit report on the annual revenue from the advertising business of Beijing Metro Line 4, Daxing Line and the northern section of Beijing Metro Line 17 for each of the financial years, which shall be submitted to Beijing MTR/Beijing MTR17 (as the case may be) within 60 calendar days from the end of the relevant financial year. The Company shall pay to Beijing MTR/Beijing MTR17 (as the case may be) the extra revenue commission fees for that year within 10 working days from the date of publication of the audit report and confirmation by both parties.

**Advertising retention  
and New Media  
development:**

According to the practice of the MTR industry, for the unsold advertising positions, without prejudice to the Exclusive Concession Rights, Beijing MTR/Beijing MTR 17 (as the case may be) has the right to use them for the non-commercial advertisements, including its corporate image, newly-opened or other lines, passenger education, operation and non-fare business, product and project promotion, which in total shall not exceed 15% of the total amount of conventional advertising media and 15% of the total amount of the subway car media for the whole year, respectively.

For the New Media invested and planned by Beijing MTR/Beijing MTR17 (as the case may be), the Company shall have the right of priority negotiation for the operation. The operation of the New Media which will not prejudice the fairness, transparency and justice to advertising partners of Beijing MTR/Beijing MTR17 (as the case may be).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Operating conditions  
and restrictions:**

In the event of force majeure such as the construction and operation, inspection and maintenance, governmental requisition, and centralized dispatch arrangements of the MTR lines, which results in any change of the Major Advertising Resources (for Beijing Metro Line 4 and Daxing Line, the proportion of adjustment and deletion of relevant media shall not exceed 5% of the total media volume of the corresponding category; during the construction period of the northern section of Beijing MTR17, the proportion of adjustment and deletion of relevant media shall not exceed 10% of the total media volume of the corresponding category; after the completion of the construction of the northern section of Beijing MTR17, the proportion of adjustment and deletion of relevant media shall not exceed 5% of the total media volume of the corresponding category), for any direct or indirect losses caused to the Company as a result of or in connection with such acts in any circumstances, Beijing MTR/Beijing MTR17 (as the case may be) shall proactively provide the Company with reasonable and necessary compensation, including but not limited to alternatives such as the corresponding area of advertising resources at stations of the same level, and in the event of material adjustments, the parties shall promptly renegotiate a solution for such adjustments.

**Performance deposit and  
default clauses:**

The Company will pay a performance deposit of 27% of the annual guaranteed amount (i.e. RMB6.2991 million) to Beijing MTR pursuant to the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement and 27% of the annual guaranteed amount (i.e. RMB990,900) to Beijing MTR17 pursuant to the Beijing Metro Line 17 Exclusive Concession Rights Agreement within ten working days after the effective date of the agreement. In the event that the Company fails to pay the concession fee for a period of thirty working days overdue or commits any other serious defaults, Beijing MTR/Beijing MTR17 (as the case may be) shall have the right to deduct the actual loss of the corresponding amount from the performance deposit and reserve the right to charge interest thereon. For every payment overdue for more than ten days without the written consent of Beijing MTR/Beijing MTR17 (as the case may be), Beijing MTR/Beijing MTR17 (as the case may be) shall be entitled to deduct RMB500,000 directly from the performance deposit as an additional direct penalty.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**Effective conditions:** The agreement shall become effective upon the signatures and the affixing of the seal of each of the representatives of Beijing MTR/Beijing MTR17 (as the case may be) and the Company as well as the fulfillment of the relevant requirements of Hong Kong Stock Exchange and regulatory authorities by the Company.

### **Our conclusion**

Having considered (i) our analysed above; and (ii) that save for the guarantee fees under the Concession Fees, which were the bidding price offered by the successful bidder for the tender for the Project, other key terms of the Transaction (e.g. Payment of Concession Rights Fees, Advertising retention and New Media development, Operating conditions and restrictions, Performance deposit and default clause were substantially the same as those set out in the tender document of the Project and applied to all participants (i.e. possible service providers), we are of the view that terms of the Transaction are on normal and commercial terms and are fair and reasonable.

### **RECOMMENDATION**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction are on normal commercial terms and are fair and reasonable; and (ii) the Transaction is conducted in the ordinary and usual course of the business of the Group and is 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 to be proposed at the EGM to approve the Transaction and we recommend the Independent Shareholders to vote in favour of the resolution 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.

**PART I VALUATION REPORT**

*Set out below is a valuation report issued by an independent appraiser, Asia-Pacific Consulting and Appraisal Limited, in respect of the market value of the Exclusive Concession Right under the Exclusive Concession Rights Agreements as at 31 October 2023 for the purpose of incorporation in this circular.*



**Asia-Pacific Consulting and Appraisal Limited**  
Flat/RM A 12/F Kiu Fu Commercial Bldg,  
300 Lockhart Road,  
Wan Chai, Hong Kong

8 December 2023

*The Board of Directors*

**Beijing Media Corporation Limited**

Dear Sirs,

In accordance with the instructions received from Beijing Media Corporation Limited (the “**Company**”), we have undertaken a valuation exercise which requires Asia-Pacific Consulting and Appraisal Limited (“**APA**”) to express an independent opinion on the market value of exclusive concession right of Beijing Metro Line 4, Daxing Line and the northern section of Beijing Metro Line 17 respectively (collectively, the “**Exclusive Concession Right**”) in relation to the Company’s winning of the tender for the concession right project of major advertising resources of Beijing MTR Corporation Limited (《北京京港地鐵有限公司主要廣告資源經營權項目》) (the “**Project**”) as at 31 October 2023 (the “**Valuation Date**”).

The purpose of this valuation is for reference in the circular of the Company.

We will not accept any responsibility or liability to any person other than the Company in respect of, or arising out of, the contents of this report may be shown. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

Our valuation was carried out on a market value basis which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

In this valuation, the market value of the Exclusive Concession Right is a pre-concession right fee value, which is the economic benefit the owner of the Exclusive Concession Right could derive from the operation of the advertising business in Beijing Metro Line 4, Daxing Line and the northern section of Beijing Metro Line 17 without concession fee.

## INTRODUCTION

Beijing Media Corporation Limited (together with its subsidiaries, collectively the “**Group**”) is a media company in the People’s Republic of China (the “**PRC**”). The Group’s main advertising medium is Beijing Youth Daily. Other core businesses of the Group include the production and printing of newspapers and trading of print-related materials. The Company was listed on the mainboard of Hong Kong Stock Exchange on 22 December 2004. The Group is principally engaged in three core businesses: (i) advertising sales, which contributes to part of the Group’s turnover; (ii) printing, whose turnover includes revenue from printing publications arranged by BYD Logistics and (iii) 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.

On 27 October 2023, the Company received a bid-winning notice from Beijing MTR Corporation Limited and Beijing Jinggang Line 17 Metro Co., Ltd.\* (together with Beijing MTR Corporation Limited, “**BJMTR**”) in relation to the Company’s winning of the tender for the Project. The Project involves that BJMTR authorizes the Company to act as the sole agent for the operation of major advertising resources on Beijing Metro Line 4, Daxing Line and the northern section of Line 17. The Company will pay BJMTR concession right fees by the way of “guaranteed amount + extra revenue commission fees”, with an operating period of two years commencing from 1 January 2024 and ending on 31 December 2025.

## VALUATION METHODOLOGY

In arriving at the assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.



Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions and the result may be very sensitive to certain inputs. It also presents a single scenario only.

In our opinion, the market approach and cost approach are inappropriate for valuing the subject asset. Firstly, the market approach requires market transactions of comparable assets as an indication of value. However, there are no publicly active comparable transactions for the subject asset. Secondly, the value of the subject asset is more dependent on the future benefit from the operation of the Project, but, the cost approach does not directly incorporate information about the economic benefits contributed by the subject asset. In light of the above analysis, the income approach is the most suitable approach for determining the value of the subject asset.

In this valuation exercise, the value of principal business of the subject asset was developed through the application of the income approach technique known as the discounted cash flow method (“DCF”). This method eliminates the discrepancy in the time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to the subject asset.

Under this method, values depend on the present worth of future economic benefits to be derived from the projected sales income. Indications of value have been developed by discounting projected future net cash flows at discount rates which are appropriate for the risks of the business.

In arriving at the assessed value, the core business of the subject asset as well as its related expenses such as sales costs, marketing costs, management costs and tax liabilities are considered in the valuation model.

**BASIS OF OPINION**

We have conducted our valuation with reference to the International Valuation Standards issued by the International Valuation Standards Council. The valuation procedures employed include a review of legal status and economic condition of the Project and an assessment of key assumptions, estimates, and representations made by the proprietor. All matters essential to the proper understanding of the valuation are disclosed in this report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business of the subject asset;
- The projected financial performance of the subject asset;
- Financial and business risk of the business including continuity of income and the projected future results;
- Consideration and analysis on the micro and macro economy affecting the subject business; and
- Other operational and market information in relation to the subject asset's business.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset.

**GENERAL ASSUMPTIONS**

In determining the market value of the Exclusive Concession Right, the following general assumptions were made:

- It is assumed that the projected revenue and income will be according to the proposed business plan of the subject asset and could be achieved with the effort of the Company's management;
- All relevant legal approvals and business certificates or licenses to operate the business in which the Project operate or intend to operate have been or would be officially obtained and renewable upon expiry;
- In order to realize the future economic benefit of the business and maintain a competitive edge, manpower, equipment and facilities are necessary to be employed. For the valuation exercise, we have assumed that all proposed facilities and systems will work properly and will be sufficient for future operation;

- It is assumed that there will be no material changes in the international financial environment, global economic environment and national macroeconomic conditions, and that there will be no material change in the political, economic and social environment in which the appraised entity operates;
- It is assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- It is assumed the accuracy of the financial and operational information provided to us by the Company and relied to a considerable extent on such information in arriving at our opinion of value; and
- There are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

## MAJOR ASSUMPTIONS AND PARAMETERS

Major assumptions related to value of the Exclusive Concession Right under DCF are listed below:

### Forecast Period

Forecast period of the Exclusive Concession Right are two years reference to the operating period of the Project from 1 January 2024 and ending on 31 December 2025.

### Income Tax Rate

Reference to the primary income tax rate of the Company, 25% are applied.

### Financial Forecast

Revenue of the subject asset mainly comprises advertising display services and advertising production, installation, and dismantling services. We are provided with the revenue forecasts of the subject asset for the operating period. The forecasts are compiled in terms of an advertising space at metro stations and estimated based on the price which was determined by publish price multiplied by price discount to client and publication rate/frequency of advertising space.

The projected total operating expenses mainly consist of production, installation, and dismantling cost, staff costs, travelling and entertainment expense and other operating expense.

In the financial forecast, the publish price was estimated with reference to 2023 year publish price, the price discount to client, the publication rate/frequency of advertising space and the operating expenses was forecasted based on the estimation of the Company with reference to historical data of advertising project operated by the Company and the Project's operating team and market data. It is similar to the historical ratio and is a reasonable estimation.

Details of major financial forecast are listed as follows:

| <b>Amounts in RMB'000</b>                       | <b>2024</b> | <b>2025</b> |
|---|-------------|-------------|
| <b>Growth Rate</b>                              |             | 8.16%       |
| <b>Revenue</b>                                  | 41,839      | 45,255      |
| — Beijing Metro Line 4                          | 29,000      | 31,415      |
| — Daxing Line                                   | 7,292       | 7,849       |
| — The northern section of Beijing Metro Line 17 | 5,547       | 5,991       |
| <b>Amounts in RMB'000</b>                       | <b>2024</b> | <b>2025</b> |
| <b>Total operating expenses</b>                 | 10,652      | 12,072      |
| — Beijing Metro Line 4                          | 7,383       | 8,380       |
| — Daxing Line                                   | 1,857       | 2,094       |
| — The northern section of Beijing Metro Line 17 | 1,412       | 1,598       |
| <b>Amounts in RMB'000</b>                       | <b>2024</b> | <b>2025</b> |
| <b>EBIT Margin</b>                              | 74.54%      | 73.32%      |
| <b>EBIT</b>                                     | 31,188      | 33,183      |
| — Beijing Metro Line 4                          | 21,617      | 23,035      |
| — Daxing Line                                   | 5,436       | 5,755       |
| — The northern section of Beijing Metro Line 17 | 4,135       | 4,393       |
| <b>Amounts in RMB'000</b>                       | <b>2024</b> | <b>2025</b> |
| <b>EBIAT</b>                                    | 23,391      | 24,888      |
| — Beijing Metro Line 4                          | 16,213      | 17,277      |
| — Daxing Line                                   | 4,077       | 4,317       |
| — The northern section of Beijing Metro Line 17 | 3,101       | 3,294       |

Additional information of the rationale and basis for the financial forecast refers to Annex.

#### **Change in Working Capital (“NWC”)**

With reference to the management operation plan, the management estimated that the receipt on revenue and payment on the cost and expenses will be executed in corresponding financial period, so there is no material NWC expected in the business and the change in working capital in the forecast period is estimated as zero in this exercise.

**Capital Expenditure (“CAPEX”)**

According to the management’s business plan in the forecasted period, the Project’s main business is advertising services and electronic equipment in office is all fixed assets required for the business. In this case, the capital expenditure is estimated basing on required electronic equipment in the Project. The CAPEX in the forecasted period is estimated as follows:

| <b>Amounts in RMB’000</b>                       | <b>2024</b> | <b>2025</b> |
|---|-------------|-------------|
| <b>CAPEX</b>                                    | 100         | —           |
| — Beijing Metro Line 4                          | 69.31       | —           |
| — Daxing Line                                   | 17.43       | —           |
| — The northern section of Beijing Metro Line 17 | 13.26       | —           |

**Depreciation (“Depr”)**

Based on the estimated CAPEX and forecast period, the Depr is estimated as follows in the forecasted period:

| <b>Amounts in RMB’000</b>                       | <b>2024</b> | <b>2025</b> |
|---|-------------|-------------|
| <b>Depr</b>                                     | 50          | 50          |
| — Beijing Metro Line 4                          | 34.66       | 34.71       |
| — Daxing Line                                   | 8.71        | 8.67        |
| — The northern section of Beijing Metro Line 17 | 6.63        | 6.62        |

**Net Cash Flow Forecast**

With reference to above the estimated parameters, the net cash flow forecast was calculated as follows:

| <b>Amounts in RMB’000</b>                       | <b>2024</b> | <b>2025</b> |
|---|-------------|-------------|
| <b>Net Cash Flow</b>                            | 23,341      | 24,937      |
| — Beijing Metro Line 4                          | 16,178      | 17,311      |
| — Daxing Line                                   | 4,068       | 4,325       |
| — The northern section of Beijing Metro Line 17 | 3,095       | 3,301       |

$$\text{Net Cash Flow} = \text{EBIAT} - \text{NWC} - \text{CAPEX} + \text{Depr}$$

**Discount Rate**

The discount rate applied to the valuation of the Exclusive Concession Right under the DCF based on the weighted average cost of capital (“WACC”) of the Project, WACC is the weighted average of cost of equity and cost of debt, cost of equity is determined by capital asset pricing model (“CAPM”), cost of debt refers to the borrowing rate over one year’s term from the People’s Bank of China, net of tax effect. In arriving at the WACC, the key parameters and calculation are listed as follows:

**(i) risk-free rate**

the risk-free rate adopted as 2.36% represented the yield of China Government bond with maturity of 2 years quoted on the website (www.chinabond.com.cn);

**(ii) equity risk premium**

equity risk premium adopted as 7.17% refers to the “Kroll Cost of Capital Navigator” research regarding equity risk premium published by Kroll, LLC;

**(iii) beta**

the beta adopted as 0.80 refers to the beta of the comparable companies through Capital IQ data base, detailed information of comparable companies and their respective beta refers to Annex;

**(iv) size premium**

size premium adopted as 3.05% refers to the “Kroll Cost of Capital Navigator” research regarding size premium published by Kroll, LLC;

**(v) other specific risk**

other specific risk determined by considering the difference between the Project and comparable companies in operating status, operating product etc.

$$\text{Cost of equity} = (i) + (ii) * (iii) + (iv) + (v) = 2.36\% + 7.17\% * 0.80 + 3.05\% + 1\% = 12.15\%$$

**(vi) debt to market capitalization ratio (“D/E”)**

debt to market capitalization ratio adopted as 0% refers to the ratio of the Company;

**(vii) cost of debt**

Cost of debt adopted as 3.15%, which is determined with reference to the borrowing rate over one year’s term from the People’s Bank of China, net of tax effect.

*(viii) WACC*

WACC is calculated by multiplying the cost of each capital component by its proportional weight, the formula and calculation are as follows:

$$\begin{aligned} \text{WACC} &= E/(E + D) * \text{cost of equity} + D/(E + D) * \text{cost of debt (net of tax effect)} \\ &= 1/(1 + D/E) * \text{cost of equity} + D/E/(1 + D/E) * \text{cost of debt} \\ &\quad \text{(net of tax effect)} \\ &= \text{Cost of equity}/(1 + (vi)) + (vii) * (vi)/(1 + (vi)) \\ &= (12.15\%/(1 + 0\%) + 3.15\% * 0\%/(1 + 0\%)) = 12.00\% \text{ (rounded)} \end{aligned}$$

**CALCULATION OF VALUATION RESULT**

The basic formula of DCF model is: Present Value of Net Cash Flow = Net Cash Flow/(1 + Discount rate)<sup>Discount period</sup>.

The calculation of the market value of the Exclusive Concession Right at the Valuation Date is as follows:

*Unit: RMB'000*

|  | <b>2024</b> | <b>2025</b> | <b>Subtotal</b> |
|--|-------------|-------------|-----------------|
| <b>(i) Net Cash Flow</b>   |             |             |                 |
| — Beijing Metro Line 4   | 16,178      | 17,311      |                 |
| — Daxing Line  | 4,068       | 4,325       |                 |
| — The northern section of Beijing Metro Line 17                        | 3,095       | 3,301       |                 |
| <b>(ii) Discount rate</b>  | 12%         | 12%         |                 |
| <b>(iii) Discount period*</b>  | 0.5         | 1.5         |                 |
| <b>(iv) Discount factor*</b>   | 0.9449      | 0.8437      |                 |
| <b>(v) Present Value of Net Cash Flow*</b>                             |             |             |                 |
| — Beijing Metro Line 4   | 15,287      | 14,605      | 29,892          |
| — Daxing Line  | 3,844       | 3,649       | 7,493           |
| — The northern section of Beijing Metro Line 17                        | 2,924       | 2,785       | 5,709           |
| <b>(vi) Tax Benefit*</b>   |             |             |                 |
| — Beijing Metro Line 4   | 4,944       | 4,704       | 9,648           |
| — Daxing Line  | 1,239       | 1,179       | 2,419           |
| — The northern section of Beijing Metro Line 17                        | 944         | 898         | 1,843           |
| <b>(vii) Market Value of the Exclusive Concession Right (rounded)*</b> |             |             |                 |
| — Beijing Metro Line 4   | 39,540      |             |                 |
| — Daxing Line  | 9,910       |             |                 |
| — The northern section of Beijing Metro Line 17                        | 7,550       |             |                 |



\* (iii) Since the cash inflows and outflows occur continuously year-round, it could be inaccurate to assume that the cash proceeds are all received at the end of each year. As a compromise, mid-year discounting is oftentimes integrated into DCF model to assume that free cash flows are received in the middle of the annual period. The mid-year convention treats forecasted free cash flows as if they were generated at the midpoint of the period. So, the first year is discounted by half a year (0.5 years) and the second year by 1.5 years.

\*  $(iv) = 1 / (1 + ii)^{(iii)}$

\*  $(v) = (i) * (iv)$

\* (vi) is tax benefit, which reflects the additional value accruing to the subject asset brought about by the ability to deduct the amortization of the subject asset over its operating period.

\*  $(vii) = (v) + (vi)$

## SENSITIVITY ANALYSIS

Sensitivity analysis in market value of the Exclusive Concession Right was carried out by varying discount rate and revenue, the results of sensitivity analysis are summarized as follows:

### Sensitivity Analysis — Discount Rate

|   | Market Value<br>(RMB'000) | Changes in<br>Market Value<br>(%) |
|---|---------------------------|-----------------------------------|
| <b>Discount Rate –13% (Base +1%)</b>            |                           |                                   |
| — Beijing Metro Line 4                          | 39,080                    | –1.16%                            |
| — Daxing Line                                   | 9,800                     | –1.11%                            |
| — The northern section of Beijing Metro Line 17 | 7,460                     | –1.19%                            |
| <b>Discount Rate –12% (Base)</b>                |                           |                                   |
| — Beijing Metro Line 4                          | 39,540                    |                                   |
| — Daxing Line                                   | 9,910                     |                                   |
| — The northern section of Beijing Metro Line 17 | 7,550                     |                                   |
| <b>Discount Rate –11% (Base –1%)</b>            |                           |                                   |
| — Beijing Metro Line 4                          | 40,010                    | 1.19%                             |
| — Daxing Line                                   | 10,030                    | 1.21%                             |
| — The northern section of Beijing Metro Line 17 | 7,640                     | 1.19%                             |

**Sensitivity Analysis — Revenue**

|   | <b>Market Value</b><br><i>(RMB'000)</i> | <b>Changes in</b><br><b>Market Value</b><br><i>(%)</i> |
|---|---|--|
| <b>Revenue-Increase (Base*(1+5%))</b>           |   |  |
| — Beijing Metro Line 4                          | 41,520                                  | 5.01%  |
| — Daxing Line                                   | 10,410                                  | 5.05%  |
| — The northern section of Beijing Metro Line 17 | 7,930                                   | 5.03%  |
| <b>Revenue — Base</b>                           |   |  |
| — Beijing Metro Line 4                          | 39,540                                  |  |
| — Daxing Line                                   | 9,910                                   |  |
| — The northern section of Beijing Metro Line 17 | 7,550                                   |  |
| <b>Revenue — Decrease (Base*(1-5%))</b>         |   |  |
| — Beijing Metro Line 4                          | 37,560                                  | -5.01%   |
| — Daxing Line                                   | 9,420                                   | -4.94%   |
| — The northern section of Beijing Metro Line 17 | 7,170                                   | -5.03%   |

**VALUATION COMMENT**

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and Asia-Pacific Consulting and Appraisal Limited.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Company over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued subject to our limiting conditions as attached.

**OPINION OF VALUE**

Based on the results of our investigations and analyses, we are of the opinion that the market value of the Exclusive Concession Right in Beijing Metro Line 4, Daxing Line and the northern section of Beijing Metro Line 17 as at the Valuation Date is reasonably stated as follows:

| <b>Project</b>                            | <b>Market<br/>value<br/>(RMB'000)</b> |
|---|---------------------------------------|
| Beijing Metro Line 4                      | 39,540                                |
| Daxing Line                               | 9,910                                 |
| Northern section of Beijing Metro Line 17 | 7,550                                 |

Yours faithfully,  
for and on behalf of  
**Asia-Pacific Consulting and Appraisal Limited**

**Jack W. J. Li**  
*CFA, MRICS, MBA*  
*Partner*

*Note:* Jack W. J. Li is a Chartered Surveyor who has more than 15 years' experience in the valuation in the PRC, Hong Kong and the Asia-Pacific region.

## ANNEX-ADDITIONAL INFORMATION

### Financial Forecast

Rationale and basis for the relevant financial forecast provided by the Company shown as follows:

We conducted market research on the publish price of the similar media of the project by doing price inquiry to other advertising companies, as well as collecting price information from public source. With reference to information collected from the price inquiries and public source, the estimated public price of advertising space at the metro stations of the Project is in line with the prevailing price level in the market.

We also compared the price discount to client and the publication rate/frequency provided by the Company with relevant research result from consulting company which is a professional outdoor advertising market research and related diversified services consulting agency and other media company which operating the metro media in Beijing, the price discount to client and the publication rate/frequency provided by the Company is consistent with the result from that research.

The revenue growth is primarily attributable to an increase in advertising space sales, which was further enhanced by the Company's improved customer development.

The staff cost growth was reference to the Company's salary policy, depreciation was estimate based on the estimated CAPEX and forecast period, other operating expenses items growth were estimate consistent with the revenue growth rate.

In respect of the operating expenses and EBIT Margin, excluding the information provided by the Company, to assess the reasonableness of operating expenses/EBIT Margin of the Project, we compared the EBIT Margin with the comparable companies.

EBIT Margin of the Project is approximately 74.54% and 73.32% for each of the two years ending 31 December 2025 respectively. However, the market value of the Exclusive Concession Right is a pre-concession right fee value, which is the economic benefit the owner of the Exclusive Concession Right could derive from the operation of the advertising business in the Project without concession fee. To compare with the comparable companies, the EBIT of the Project should be adjusted to deduct the concession fee of the Project (the "**Adjusted EBIT**") and calculated the Adjusted EBIT to revenue (the "**Adjusted EBIT Margin**") of the Project, being approximately 7.09% and 9.72% for each of the two years ending 31 December 2025 respectively.

As sourced from Capital IQ and annual report of the comparable companies, the range of median of EBIT Margin of the comparable companies for the five years ended 31 December 2022 is approximately from 5% to 35% (without negative EBIT Margin).

Based on the above analysis, the Adjusted EBIT Margin of the Project was estimated prudently within the range of EBIT Margin of the comparable companies.

### Comparable Company

In determining comparable companies, the initial selection criteria include the followings:

- The comparable companies are publicly listed;
- The comparable companies are principally engaged in out of door advertising business in the PRC including Hong Kong with such relevant segments having accounted for no less than 50% of their respective total revenues for the latest financial year ended.

As sourced from Capital IQ and Wind, two reliable third party database service provider, an exhaustive list of comparable companies satisfying the above criteria was obtained on a best effort basis, the list of these comparable companies and their respective beta are show as follows:

| Stock Code        | Company Name                                 | Beta  |
|-------------------|--|-------|
| 002027.CH         | Focus Media Information Technology Co., Ltd. | 1.50  |
| 1993.HK           | Asiaray Media Group Limited                  | 0.35  |
| 8112.HK           | Cornerstone Financial Holdings Limited       | 0.42  |
| 301102.CH         | Mega-info Media Co., Ltd.                    | 0.99  |
| 8091.HK           | OOH Holdings Limited                         | 0.11* |
| 838071.CH         | Zhejiang Fine-sun Media Inc., Ltd.           | N/A   |
| Average (rounded) |  | 0.8   |

*Notes:*

- 1) Based on the data above, it is noticed that the Beta of 8091.HK was significantly lower than other comparable companies. In prudently, the Beta of 8091.HK was considered as outlier in this exercise.
- 2) The Beta of 838071.CH is not available as at the Valuation Date.

### Parameters of WACC

In calculation of WACC, we adopted CAPM to estimate the required return on equity capital. CAPM is a fundamental tenet of modern portfolio theory, and which has been generally accepted as a basis for marketplace valuations of equity capital. The CAPM technique is widely accepted in the investment and financial analysis communities for the purpose of estimating a company's required return on equity capital. The equation of CAPM is shown as follow:

$$\text{Expected Required Return on Equity} = \text{Risk Free Rate} + \text{Nominal Beta } (\beta) \times \text{Risk Premium} + \text{Specific Risk Adjustment}$$

The return on equity required of a company represents the total rate of return investors expect to earn, through a combination of dividends and capital appreciation, as a reward for risk taking. CAPM is used to calculate the required rate of return on equity investment by using publicly-traded companies.

The rationality and basis for key parameters of WACC are as follows:

***(i) risk-free rate***

Considering the operation location of the Project is in China, and the operation period is 2 years, the risk-free rate with reference to the yield of two-year China Government bond with same maturity to the period of the Project was adopted.

***(ii) risk premium***

In this exercise, risk premium is equity risk premium which represents the additional return over and above the risk-free rate, being the additional return, which investors would require when putting a portfolio of assets at risk in the market. With reference to professional research companies' statistics is one of way to determine equity risk premium. In this exercise, we adopted the statistical data of "Kroll Cost of Capital Navigator" research widely used in valuation industry.

***(iii) beta***

To match the period of the Project, the average two-year beta of the comparable companies was applied.

***(iv) specific risk premium***

Excluding the systematic risks, non-systematic risks which are specific to a company should be taken into account. So, in this project, the size premium for small size company and other specific risk premium was considered to reflect the specific risk of the Project.

Size Premium was determined with reference to premium for micro cap of the "Kroll Cost of Capital Navigator" research.

In valuation practice, the common range of other specific risk premium in traditional industry is from 1% to 4%. In this exercise, the Company is engaged in advertising service industry and the metro advertising service is a relative new business for the Company. So, 1% other specific risk premium was estimated by considering the additional specific risk of the Project and the aforesaid range of other specific risk premium.

*(v) cost of debt*

According to communicating with the Company, the Company has no actual borrowing rate and intended borrowing rate can be referred, so we referred to the borrowing rate from the People's Bank of China as an alternative. The People's Bank of China only published one-year and five-year loan prime rate, the one-year and five-year loan prime rate net of tax effect is 2.59% and 3.15% respectively. In prudently, we referred to the five-year loan prime rate after considering the period of the Project is more than one year.



*The following is the text of an independent assurance report from WUYIGE Certified Public Accountants LLP, the reporting accountant of the Company, in respect of the valuation of the Exclusive Concession Right discounted future cash flow calculation for the purpose of incorporation in this circular.*

**COMFORT LETTER REGARDING THE PROFIT FORECAST OF THE CONCESSION  
RIGHT PROJECT OF ADVERTISING RESOURCES OF BEIJING MTR  
CORPORATION LIMITED\***

**Dear Directors of Beijing Media Corporation Limited:**

Reference is made to the “Market Value Appraisal Report on the Exclusive Concession Rights of the Major Advertising Resources of Beijing MTR Corporation Limited\* Involved in the Winning Bid of Beijing Media Corporation Limited” (《北青傳媒股份有限公司中標涉及的北京京港地鐵有限公司主要廣告資源經營權市場價值評估報告》) (the “**Valuation Report**”) issued by Asia-Pacific Consulting and Appraisal Limited.

We have reviewed the arithmetical accuracy of the calculations of the discounted cash flow forecast on which Asia-Pacific Consulting and Appraisal Limited prepared the valuation of the Exclusive Concession Rights of the Major Advertising Resources of Beijing MTR Corporation Limited\*. The Underlying Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

**Directors’ Responsibilities**

The directors of the Company are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions, the completeness, reasonableness and validity of which are the sole responsibility of the directors of the Company.

**Accountants’ Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Chinese Institute of Certified Public Accountants (“**CICPA**”), which requires that a certified public accountant should follow the principles of integrity, objectivity and impartiality, acquire and maintain professional competence, maintain due care, and fulfill the obligation of confidentiality.

We have complied with the Quality Control 5101 “Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by CICPA, and have accordingly put in place a comprehensive risk-based quality control system, which includes documented policies and procedures for compliance with the relevant code of ethics, professional standards and applicable legal and regulatory requirements.

**Accountant's responsibility**

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the forecast based on our work. The forecast does not involve the adoption of accounting policies.

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" issued by Hong Kong Institute of Certified Public Accountants and the "China Standard on Other Assurance Engagements No.3101, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by CICPA. These standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the relevant forecast prepared based on the Assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

**Opinions**

In our opinion, on the basis of the procedures performed:

The forecasts have been properly prepared, in all material respects, on the basis of assumptions adopted by the directors as to the arithmetical accuracy of the calculations of the forecast.

WUYIGE Certified Public Accountants LLP

Beijing, the PRC  
11 December 2023

**MAJOR TRANSACTION AND CONNECTED TRANSACTION:  
IN RELATION TO  
THE BEIJING METRO LINE 4 AND DAXING LINE  
EXCLUSIVE CONCESSION RIGHTS AGREEMENT  
AND  
BEIJING METRO LINE 17  
EXCLUSIVE CONCESSION RIGHTS AGREEMENT  
FOR MAJOR ADVERTISING RESOURCES**

11 December 2023

*To the Listing Division*

Dear Sir or Madam,

Reference is made to the “Market Value Appraisal Report on the Exclusive Concession Rights of the Major Advertising Resources of Beijing MTR Corporation Limited\* Involved in the Winning Bid of Beijing Media Corporation Limited” (《北青傳媒股份有限公司中標涉及的北京京港地鐵有限公司主要廣告資源經營權市場價值評估報告》) (the “**Valuation Report**”) issued by Asia-Pacific Consulting and Appraisal Limited.

We have reviewed the bases and assumptions on which Asia-Pacific Consulting and Appraisal Limited prepared the valuation of the Exclusive Concession Rights of the Major Advertising Resources of Beijing MTR Corporation Limited\*. We have also considered the report issued by WUYIGE Certified Public Accountants LLP, the reporting accountant of the Company, as to the arithmetical accuracy of the calculations of the discounted cash flow projections in respect of the Exclusive Concession Rights of the Major Advertising Resources of Beijing MTR Corporation Limited\* and whether such projections have been properly compiled, in all material respects, in accordance with the assumptions set out in the valuation report.

Based on the above, in accordance with Rules 14A.68(7) and 14.62(3) of the Hong Kong Listing Rules, we confirm that the profit forecast of the Exclusive Concession Rights of the Major Advertising Resources of Beijing MTR Corporation Limited\* has been made by us after due and careful enquiry.

12/F, Two Exchange Square,  
8 Connaught Place, Central,  
Hong Kong  
The Stock Exchange of Hong Kong Limited

By order of the Board  
**Beijing Media Corporation Limited**  
*Chairman*  
**Sun Baojie**

## 1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the years ended 31 December 2020, 2021 and 2022 are disclosed on pages 63 to 166 of the Company's annual report for 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0426/2021042601000.pdf>), pages 74 to 170 of the annual report for 2021 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042800872.pdf>) and pages 77 to 174 of the annual report for 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042101363.pdf>) 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 October 2023 (being the latest practicable date for determining the indebtedness of the Group), the Group had no outstanding bank loans and other borrowings.

### Lease Commitments

As at the close of business on 31 October 2023 (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 October 2023 (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 | 1,712 |
| 1–2 years     | 1,638 |
| 2–3 years     | 411   |
| Total         | 3,761 |

### External Guarantees and Contingent Liabilities

As at the close of business on 31 October 2023 (being the latest practicable date for determining the indebtedness of the Group), the Group had no external guarantees and contingent liabilities. Save as disclosed above, as at the close of business on 31 October 2023 (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 (excluding 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 October 2023.

### **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 2022, 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 media advertisement, production of newspapers and magazines and trading of print-related materials.

In 2023, the Group will (1) adhere to the operation and development strategy of “maintaining stability and trying amid stability” and accelerate the transformation of search business. Through strengthening product building, the Group will create self-media matrix, establish multimedia product system and strive to explore sustainable business model by expanding camping education and other asset-light operating business; (2) play the role of a market-oriented expansion platform for the cultural and sports industry of the Capital Group, actively synergize and integrate resources, innovate IP operation and maintenance and activity planning, leverage the advantages of the listed company platform to build a comprehensive and multi-level industrial chain, construct a new industrial development pattern, respond to industry risks through a diversified revenue model and cultivate new growth momentum; (3) deepen the expansion of cultural, creative and technological resources, seek opportunities for industrial cooperation through industry research and field research, and carry out capital operations when appropriate; (4) continuously improve management, comprehensively strengthen the system and information construction, improve the risk control system and make efforts to address the previous issues; (5) implement a reform of the remuneration system that prioritizes efficiency and gives consideration to fairness, strengthen performance assessment and talent cultivation, and establish an effective incentive mechanism, to realize the talent to strengthen the enterprise and stimulate the endogenous power of the Company’s development; based on the strengthening of the existing businesses, grasp the opportunities arising from industry reform and the revival of social economy to create new opportunities in crisis and open a new chapter in a changing situation by trying valiantly and exploring actively, and strive to become a leading media enterprise with cross-media market expansion capabilities in China.

## 6. EFFECT OF THE TRANSACTIONS UNDER THE EXCLUSIVE CONCESSION RIGHTS AGREEMENTS ON THE EARNING, ASSETS AND LIABILITIES OF THE GROUP

Pursuant to the Exclusive Concession Rights Agreements, the Directors estimate that the Group will record a surplus in respect of the transactions contemplated under the Exclusive Concession Rights Agreements, and that the value of the Group's right-of-use assets recognized in respect of the transactions would amount to RMB49.417 million (based on the translation of guaranteed fee in Concession Fees. The extra revenue commission fees in Concession Fees will be recognized in profit or loss when it is actually incurred according to the actual settlement amount based on the calculation method stipulated in Exclusive Concession Rights Agreements), and such accounting treatment has been agreed by the Group's reporting auditor. It is estimated that the total assets of the Group will increase by RMB49.417 million and the total liabilities will increase by RMB49.417 million. The Group estimates that such transactions will generate positive effects on the overall financial performance of the Group.

## 7. MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis of the Group for the three financial years ended 31 December 2022 is set out below:

### (1) For the financial year ended 31 December 2022

#### *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; (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 ongoing impact of COVID-19 pandemic and the escalation of global geopolitical conflicts, energy crisis, and persistently high inflation, the economy recovery has slowed down with a turbulent global economy, while China's economy was also affected and faced unprecedented challenges in 2022.

The Group's total operating income for 2022 was RMB158.397 million (2021: RMB187.552 million), representing a decrease of 15.55% as compared with the corresponding period in 2021. Due to the impact of COVID-19 pandemic, the competition from new media and changes in policy, the operating revenue of the various business sectors of the Group declined to varying degrees. In particular, Beijing Community Media, a subsidiary of the Company, recorded a decrease in operating revenue by RMB17.297 million in 2022 due to the decline in offline business and the impact of changes in the management policy of the industry.



The Group recorded a significant decrease of loss, thanks to (1) bad debts accrued over years and the provision for asset impairment significantly decreased by RMB37.264 million in 2022; (2) proactively taking measures of reducing costs and enhancing efficiency, including optimizing human resources allocation, strictly controlling costs and reducing business expenses. The administrative expenses were therefore significantly decreased by RMB6.891 million, representing a decrease of 18.64% as compared with those for the corresponding period of 2021; (3) turnaround from loss to profit of BYD Logistics, a subsidiary of the Company, whose net profit in 2022 was RMB0.810 million, achieving not only operating profits but also financial profit after provision.

#### ***Financial Resources and Liquidity***

As at 31 December 2022, current assets of the Group was RMB310.393 million (31 December 2021: RMB335.041 million), including bank balances and cash of RMB82.948 million (31 December 2021: RMB264.322 million) and non-current assets of the Group was RMB394.716 million (31 December 2021: RMB392.519 million).

As at 31 December 2022, current liabilities of the Group was RMB73.547 million (31 December 2021: RMB77.477 million); and non-current liabilities was RMB3.901 million (31 December 2021: RMB4.525 million).

As at 31 December 2022, shareholders' equity of the Group was RMB627.661 million (31 December 2021: RMB645.558 million).

#### ***Gearing Ratio***

As at 31 December 2022, gearing ratio of the Group was 12.34% (31 December 2021: 12.70%) (which is calculated by dividing the Group's total liabilities by its total equity).

#### ***Bank Borrowings, Overdrafts and Other Borrowings***

As at 31 December 2022, bank loans, overdrafts and other borrowings of the Group was Nil (31 December 2021: Nil). Most of the cash and cash equivalent held by the Group was denominated in Renminbi.

#### ***Financing Cost***

Financing cost of the Group for 2022 was RMB5 thousand (2021: RMB18 thousand).

#### ***Capital Expenditure***

Capital expenditures of the Group for 2022 was RMB0.930 million (2021: RMB0.719 million). Capital expenditures of the Group for 2022 mainly comprises the expenditures consistent with business strategies including expenditures on office equipment and intangible assets.



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

As at 31 December 2022, the Group did not have any contingent liabilities or any pledge of assets.

***Material Investments***

To increase the cash revenue of the Group, the Company entered into the Single Asset Management Contract with Capital Securities and the Beijing Branch of Bank of Communications Co., Ltd. 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, with a term of one year commencing from 17 June 2022, being the date of approval by the Independent Shareholders at the EGM. 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. As at 31 December 2022, the fair value of the Entrusted Assets managed by Capital Securities was RMB162.663 million, representing 23.07% of the Group's total assets. For details of the above transaction, please refer to the announcement dated 19 April 2022 and the circular dated 26 May 2022 of the Company.

As at 31 December 2022, 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 (%) | Fair value as at 31 December 2022 (RMB'0,000) | Proportion of total assets (%) |
|---------------------------------------|-----------------------|-------------------------|---|------------------|---|--------------------------------|
| Beiyang Publishing & Media Co., Ltd.  | Shijiazhuang, Hebei   | Shijiazhuang, Hebei     | Production, printing, publishing and distribution of books, newspapers and magazines  | 2.43             | 22,225.6                                      | 31.52                          |
| Beijing Keyin Media Culture Co., Ltd. | Beijing               | Beijing                 | Organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements | 16.00            | 3,587.4                                       | 5.09                           |

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

| <b>Company name</b>                   | <b>Net profit<br/>attributable to<br/>owners of the<br/>parent<br/>company for<br/>the year ended<br/>31 December<br/>2022<br/>(RMB'0,000)</b> | <b>Accumulated<br/>undistributed<br/>profits as at<br/>31 December<br/>2022<br/>(RMB'0,000)</b> | <b>Dividend<br/>received for<br/>the year ended<br/>31 December<br/>2022<br/>(RMB'0,000)</b> |
|---------------------------------------|--|---|--|
| Beiyang Publishing & Media Co., Ltd.  | —  | —   | —  |
| Beijing Keyin Media Culture Co., Ltd. | 245.8  | 16,401.4  | 1,116  |

## (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 Company holds 43,706,423 shares of Beiyang Media, representing 2.43% of the aggregate share capital of Beiyang Media. The Company has made investment in Beiyang Media mainly based on the following: 1) the sound operating status of Beiyang Media; 2) its share reform, listing and other capital operation plans, to achieve better investment returns. Upon investment by the Company, Beiyang Media has been operating well, with stable growth in both assets and revenues in recent years. The Company is optimistic about the future operation of Beiyang Media and intends to hold its 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 investment in Keyin Media mainly based on its sound operating status and listing plan. Upon investment by the Company, Keyin Media has been operating well and has been in a profitable position in recent years. The Company is optimistic about the future operation of Keyin Media and intends to hold its shares for a long term.

Save as disclosed above, for the year ended 31 December 2022, 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 2022, the Group had no material acquisition or disposal of subsidiaries, joint ventures or 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***

The Group is committed to building and cultivating a diversified and high-quality talent team, maintains a working environment for diversified development, strictly forbids discrimination in gender, region, religion and nationality, etc., and treats different types of employees equally. As at 31 December 2022, the Group had a total of 329 staff members (31 December 2021: 289) including 219 female staff members and 110 male staff members, accounting for 66.57% and 33.43% of the total staff members, respectively. The increase in the number of the staff as compared with 2021 was mainly due to the reasonable increase of the normal business needs of new subsidiaries and certain subsidiaries of the Company. Differences in background of the staff members and job demand and other matters are the main factors affecting the gender diversity of staff members. During the year ended 31 December 2022, the Group's employee remuneration amounted to approximately RMB51.846 million 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 2022, the Group carried out staff training in respect of employee induction and management capacity of middle-level cadre, connected transactions, etc.

#### ***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 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 million, representing a decrease of 13.69% as compared with the corresponding period in 2020 (2020: RMB217.291 million), which was mainly attributable to (1) a decrease of advertising income; and (2) a decrease of paper trading income. Among which, revenue from advertising was RMB82.855 million (2020: RMB89.973 million), representing a decrease of 7.91% as compared with 2020; revenue from printing was RMB2.921 million (2020: RMB2.824 million), representing an increase of 3.43% as compared with 2020; and revenue from trading of print-related materials was RMB96.486 million

(2020: RMB115.256 million), representing a decrease of 16.29% as compared with 2020. Net loss attributable to shareholders of the Company for 2021 was RMB64.159 million (net loss attributable to shareholders of the Company for 2020: RMB130.176 million), 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 million was contributed by Runxin Dingtai Fund and RMB0.376 million by Suzhou Huaying Fund; and (2) a decrease of RMB72.495 million from bad debt provision and asset impairment.

#### ***Financial Resources and Liquidity***

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

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

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

#### ***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 RMB0.018 million (2020: RMB0.138 million).

#### ***Capital Expenditure***

Capital expenditures of the Group for 2021 was RMB0.719 million (2020: RMB0.763 million). 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 Media, Keyin Media 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 (%) | Fair value as at 31 December 2021 (RMB'0,000) | Proportion of total assets (%) |
|---------------|-----------------------|-------------------------|---|------------------|---|--------------------------------|
| Beiyang Media | Shijiazhuang, Hebei   | Shijiazhuang, Hebei     | Production, printing, publishing and distribution of books, newspapers and magazines  | 2.43             | 19,490.1                                      | 26.79                          |
| Keyin Media   | Beijing               | Beijing                 | Organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements | 16.00            | 4,666.5                                       | 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'0,000) | Accumulated undistributed profits as at 31 December 2021 (RMB'0,000) | Dividend received for the year ended 31 December 2021 (RMB'0,000) |
|---------------|--|--|---|
| Beiyang Media | —  | —  | 767.1   |
| Keyin Media   | 346.9  | 23,119.5   | —   |

(3) The investment strategies of major investments:

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 its shares for a long term.

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. The Group has made investment in Keyin Media mainly based on its sound operating status and listing plan. Upon investment by the Group, Keyin Media has been operating well and has been in a profitable position in recent years. The Group is optimistic about the future operation of Keyin Media and intends to hold its 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 million 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.



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

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

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

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

***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 Borrowings, 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 RMB0.138 million (2019: RMB0.444 million).

***Capital Expenditure***

Capital expenditures, including expenditures on office equipment and intangible assets, of the Group for 2020 was RMB0.763 million (2019: RMB3.020 million). 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 Media, Keyin Media 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 (%) | Fair value as at 31 December 2020 (RMB'0,000) | Proportion of total assets (%) |
|--|-----------------------|-------------------------|---|------------------|---|--------------------------------|
| Beiyang Media  | Shijiazhuang, Hebei   | Shijiazhuang, Hebei     | Production, printing, publishing and distribution of books, newspapers and magazines  | 2.43             | 15,665.7                                      | 21.02                          |
| Keyin Media  | Beijing               | Beijing                 | Organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements | 16.00            | 4,652.4                                       | 6.24                           |
| Beijing Runxin Dingtai Investment Center (Limited Partnership) | Beijing               | Beijing                 | Investment management   | 11.62            | 4,033.2                                       | 5.41                           |

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

| Company name  | Net profit<br>attributable to<br>owners of the<br>Company for<br>the year ended<br>31 December<br>2020<br>(RMB'0,000) | Accumulated<br>undistributed<br>profits as at<br>31 December<br>2020<br>(RMB'0,000) | Dividend<br>received for<br>the year ended<br>31 December<br>2020<br>(RMB'0,000) |
|---|---|---|--|
| Beiyang Media   | —   | —   | 961.5  |
| Keyin Media   | 934.3   | 23,052.9  | —  |
| Beijing Runxin<br>Dingtai Investment<br>Center (Limited<br>Partnership) | 10,114.4  | 10,295.1  | 2,293.2  |

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

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 Company holds 43,706,423 shares of Beiyang Media, representing 2.43% of the aggregate share capital of Beiyang Media. The Company has made investment in Beiyang Media mainly based on the following: 1) the sound operating status of Beiyang Media; 2) its share reform, listing and other capital operation plans, to achieve better investment returns. Upon investment by the Company, Beiyang Media has been operating well, with stable growth in both assets and revenues in recent years. The Company is optimistic about the future operation of Beiyang Media and intends to hold its shares for a long term.

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 investment in Keyin Media mainly based on its sound operating status and listing plan. Upon investment by the Company, Keyin Media has been operating well and has been in a profitable position in recent years. The Company is optimistic about the future operation of Keyin Media and intends to hold its 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 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 also received accumulated investment income of RMB54.506 million. 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 million 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 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.

## A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma consolidated balance sheet of the Group has been prepared based on the unaudited condensed consolidated balance sheet of the Group as at 30 June 2023, which has accounted for the financial impact arising from the Exclusive Concession Rights Agreements, to illustrate the possible impact on the financial position of the Group as if the transaction had taken place on 30 June 2023. The unaudited pro forma financial information has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not reflect the true financial position of the Group should the transaction have been completed on 30 June 2023 or any future date. The unaudited pro forma financial information should be read in conjunction with other financial information contained elsewhere in this circular.

*Unit: RMB'000*

| Item                                      | Unaudited<br>Balance Sheet<br>as at 30 June<br>2023<br><i>note 1</i> | Pro forma<br>adjustments<br><i>note 2</i> | Unaudited<br>pro forma<br>Balance Sheet<br>as at<br>30 June 2023 |
|---|--|---|--|
| <b>Current assets:</b>                    |  |   |  |
| Bank balances and cash                    | 74,542   | (7,290)                                   | 67,252   |
| Trading financial assets                  | 162,243  |   | 162,243  |
| Accounts receivable                       | 22,741   |   | 22,741   |
| Prepayments                               | 3,494  |   | 3,494  |
| Other receivables                         | 4,933  | 7,290                                     | 12,223   |
| Inventories                               | 10,224   |   | 10,224   |
| Other current assets                      | 26,813   |   | 26,813   |
| <b>Total current assets</b>               | <b>304,990</b>   |   | <b>304,990</b>   |
| <b>Non-current assets:</b>                |  |   |  |
| Long-term equity investment               | 3,271  |   | 3,271  |
| Investment in other equity<br>instruments | 282,017  |   | 282,017  |
| Other non-current financial assets        | 250  |   | 250  |
| Investment properties                     | 82,247   |   | 82,247   |
| Fixed assets                              | 760  |   | 760  |
| Intangible assets                         | 17,695   |   | 17,695   |
| Goodwill                                  |  |   |  |
| Right-of-use assets                       |  | 49,417                                    | 49,417   |
| Long-term deferred expenses               | 1,803  |   | 1,803  |
| <b>Total non-current assets</b>           | <b>388,043</b>   | <b>49,417</b>                             | <b>437,460</b>   |
| <b>Total assets</b>                       | <b>693,033</b>   | <b>49,417</b>                             | <b>742,450</b>   |

Unit: RMB'000

| Item   | Unaudited<br>Balance Sheet<br>as at<br>30 June 2023 | Pro forma<br>adjustments | Unaudited<br>pro forma<br>Balance Sheet<br>as at<br>30 June 2023 |
|--|---|--------------------------|--|
| <b>Current liabilities:</b>                    |   |                          |  |
| Accounts payable                               | 16,715  |                          | 16,715   |
| Contract liabilities                           | 26,553  |                          | 26,553   |
| Employee benefit payables                      | 4,387   |                          | 4,387  |
| Tax payables                                   | 233   |                          | 233  |
| Other payables                                 | 16,420  |                          | 16,420   |
| Non-current liabilities due within<br>one year |   | 25,404                   | 25,404   |
| Other current liabilities                      | 1,297   |                          | 1,297  |
| <b>Total current liabilities</b>               | <u>65,605</u>                                       | <u>25,404</u>            | <u>91,009</u>  |
| <b>Non-current liabilities:</b>                |   |                          |  |
| Leased liabilities                             |   | 24,013                   | 24,013   |
| Deferred income tax liabilities                | <u>3,901</u>  |                          | <u>3,901</u>   |
| <b>Total non-current liabilities</b>           | <u>3,901</u>  | <u>24,013</u>            | <u>27,914</u>  |
| <b>Total liabilities</b>                       | <u><u>69,506</u></u>                                | <u><u>49,417</u></u>     | <u><u>118,923</u></u>  |

Notes:

1. The unaudited consolidated balance sheet of the Group as at 30 June 2023 is extracted from the Group's interim report 2023 dated 15 September 2023 issued by the Group.
2. In respect of the agreements entered into between the Group and Beijing MTR Corporation Limited\* and Beijing Jinggang Line 17 Metro Co., Ltd.\*, under which the Group was granted the exclusive right to use and operate the Major Advertising Resources of Beijing Metro Line 4 and Daxing Line operated by Beijing MTR, and the northern section of the Beijing Metro Line 17 operated by Beijing MTR17, in accordance with Accounting Standards for Business Enterprises No. 21, assuming that the right-of-use asset has been recognized and the related operations of the target asset have commence on 30 June 2023, measured at the total present value of fixed lease payments and discounted at the incremental borrowing rate of the Group, an applicable discount ratio of approximately 4.75% is applied. The confirmed right-of-use asset is RMB49.417 million and the lease liabilities is RMB49.417 million. According to Accounting Standards for Business Enterprises No.30, the portion of the Group's lease liabilities that should be settled within one year from 30 June 2023, amounting to RMB25.404 million, which is classified as current liabilities.



In addition, for the performance deposit agreed in the Agreement, the Group will pay a total of RMB7.290 million in bank balances and cash to Beijing MTR and Beijing MTR17.

3. No other adjustments have been made to the unaudited pro forma financial information to reflect any of the Group's results of operations subsequent to 30 June 2023 or other transactions entered into by the Group.

**B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

*The following is the text of a report from WUYIGE Certified Public Accountants LLP, the reporting accountant of the Company, in respect of unaudited pro forma financial information of the Group for the purpose of incorporation in this circular.*

**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE  
REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA  
FINANCIAL INFORMATION****To the Directors of Beijing Media Corporation Limited:**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of the Exclusive Concession Rights of Beijing Metro Line 4, Daxing Line and Beijing Metro Line 17 operated by Beijing Media Corporation Limited (the “**Company**”) and the Beijing MTR Corporation Limited (prepared by the directors of the Company (the “**Directors**”) for illustrative purposes only). The unaudited pro forma financial information consists of the unaudited pro forma consolidated balance sheet as at 30 June 2023 (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 82 to 84 of the Company’s circular dated 14 December 2023, in connection with the entering into of the Exclusive Concession Rights Agreements (the “**Transaction**”) by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 85 to 87 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the Transaction on the Company’s financial position as at 30 June 2023 as if the Transaction had taken place at 30 June 2023. As part of this process, information about the Company’s financial position has been extracted by the Directors from the Group’s interim financial information for the period ended 30 June 2023 set out in the interim report, on which no audit or review report has been published.

**Directors’ Responsibilities**

The Directors are responsible for preparing pro forma financial information for inclusion in investment circulars in accordance with Rule 14.67 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

**OUR INDEPENDENCE AND QUALITY CONTROL**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Chinese Institute of Certified Public Accountants. The Code requires certified public accountants to comply with principles of integrity, objectivity and fairness, acquire and maintain professional competence and due care as well as fulfill confidentiality obligations.

We have complied with the Standard on Quality Control 5101 — Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements issued by the Chinese Institute of Certified Public Accountants and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Accountant's Responsibilities**

Our responsibility is to express opinions, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinions to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with the Standards for Other Assurance Practices of Chinese Certified Public Accountants No. 3101 — Assurance Practices Other than Auditing or Reviewing of Historical Financial Information issued by the Ministry of Finance of the PRC and Hong Kong Standard on Assurance Engagements 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Circular, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Transaction on unadjusted financial information of the Entity as if the event had occurred or the Transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

WUYIGE Certified Public Accountants LLP

Beijing, PRC  
14 December 2023

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO), which are required to be notified to the Company and 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 were taken or deemed to have), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

As at the Latest Practicable Date: Directors Ms. Sun Baojie and Ms. Cui Ping are employees of Capital Group; Director Mr. Wang Zechen is an employee of Beijing Chengshang Cultural Communication Co., Ltd.; Director Mr. Zhang Lei is an employee of Leshi Internet Information & Technology Corp., Beijing. While Capital Group, Beijing Chengshang Cultural Communication Co., Ltd. and Leshi Internet Information & Technology Corp., Beijing had interests in the 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 as detailed below:

| Name of Shareholder                                    | Class of Shares  | Nature of Shares | Nature of Interest | Number of Shares | % of Class Issued Share Capital | % of Total Share Capital |
|--|------------------|------------------|--------------------|------------------|---------------------------------|--------------------------|
| Capital Group <sup>Note 1</sup>                        | Other            | Domestic shares  | N/A                | 124,839,974      | 87.66                           | 63.27                    |
| Beijing Chengshang Cultural Communication Co., Ltd.    | Beneficial owner | Domestic shares  | N/A                | 7,367,000        | 5.17                            | 3.73                     |
| Leshi Internet Information & Technology Corp., Beijing | Beneficial owner | H share          | Long position      | 19,533,000       | 35.58                           | 9.90                     |

Information disclosed above is based on the information 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.

*Note:*

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.

Save as disclosed above, as at the Latest Practicable Date, none of other Directors or Director candidates holds position in a company which has an interest or short position in the shares and 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.

### **3. 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 2022, being the date to which the latest published audited financial statements of the Group were made up.

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

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

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

As at the Latest Practicable Date, none of the Directors, Director candidates or 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 2022, being the date to which the latest published audited financial statements of the Group was made up or was proposed to be acquired or disposed of by or leased to any member of the Group; and none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group as a whole.

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

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

## 7. EXPERT'S QUALIFICATION AND CONSENT

Gram Capital, APA and WUYIGE Certified Public Accountants LLP have respectively given and have not withdrawn their written consent to the issue of this circular with the inclusion of their letter and references to their names in the form and context in which they appears.

The following are the qualifications of experts who have given their opinions or advice 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 |
| Asia-Pacific Consulting and Appraisal Limited | an independent appraiser   |
| WUYIGE Certified Public Accountants LLP       | Certified Public Accountant and Registered Public Interest Entity Auditor  |

## 8. EXPERT'S INTERESTS

As at the Latest Practicable Date, Gram Capital, APA and WUYIGE Certified Public Accountants LLP 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 2022, 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.

## 9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

1. The single asset management contract for the capital securities — Beijing Media Single Asset Management scheme with the maximum daily balance of the entrusted assets not exceeding RMB200 million, entered into by the Company, Capital Securities Co., Ltd. (首創證券股份有限公司) and Beijing Branch of Bank of Communications Co., Ltd. dated 19 April 2022; and

2. The supplemental agreement to the single asset management contract for the capital securities — Beijing Media Single Asset Management scheme with the maximum daily balance of the entrusted assets not exceeding RMB200 million, entered into by the Company, Capital Securities Co., Ltd. (首創證券股份有限公司) and Beijing Branch of Bank of Communications Co., Ltd. dated 25 April 2023.

## 10. MATERIAL LITIGATION

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.

## 11. METHOD OF VOTING AT THE EGM

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

## 12. MISCELLANEOUS

- (a) The joint company secretaries of the Company are Ms. Liu Jia and Mr. Yu Leung Fai. Ms. Liu Jia, by virtue of her relevant experiences, has been confirmed capable of discharging the functions of company secretary by the Hong Kong Stock Exchange in November 2022 pursuant to 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 the American Institute of Certified Public Accountants, Certified Practising Accountants of Australia and the 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.

## 13. DOCUMENTS ON DISPLAY

Copy of the following document 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 EGM:

- (a) The Exclusive Concession Rights Agreements;



- (b) Letter from the Independent Board Committee;
- (c) Letter from the Independent Financial Adviser;
- (d) “Market Value Appraisal Report on the Exclusive Concession Rights of the Major Advertising Resources of Beijing MTR Corporation Limited\* Involved in the Winning Bid of Beijing Media Corporation Limited” (《北青傳媒股份有限公司中標涉及的北京京港地鐵有限公司主要廣告資源經營權市場價值評估報告》) issued by Asia-Pacific Consulting and Appraisal Limited;
- (e) The written consents referred to in the section headed “7. Expert’s Qualification and Consent” in Appendix VI to this Circular;
- (f) Report from the Reporting Accountant Relating to the Profit Forecast;
- (g) Letter from the Board Relating to the Profit Forecast; and
- (h) Report on Unaudited Pro Forma Financial Information of the Group.

*Details of the proposed amendments to the Articles of Association:*

| No. | Prior to the amendments  | After the amendments   |
|-----|--|--|
| 1.  | <p>Article 1 The Company is incorporated as a joint stock company with limited liability pursuant to Company Law of the People’s Republic of China (“Company Law”), Law of the People’s Republic of China on the State-Owned Assets of Enterprises, Special Regulations of the State Council on the Overseas Offerings and Listing of Shares by Joint Stock Limited Companies (“Special Regulations”), the Reply of the State Council on Adjustment of the Notice Period for General Meeting and Other Matters Applicable to Overseas Listed Company (Guo Han [2019] No. 97) and other relevant laws and administrative regulations of the State.</p> <p>With the approval of Economic System Reform Office of Beijing Municipal People’s Government as shown in its document Notice on Approval of Establishment of Beijing Youth Daily Media Development Co., Ltd. (Jing Zheng Ti Gai Gu Han [2001] No. 29) dated 25 April 2001, the Company was established by means of promotion, and obtained the business licence of the Company following registration with Beijing Administration for Industry and Commerce on 28 May 2001. The business licence number is 1100001271747.</p> <p>The promoters of the Company are: Beijing Youth Daily Agency, Beijing Zhijin Science and Technology Investment Co., Ltd., China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.), Beijing Development Area Ltd. and Sino Television Co., Ltd.</p> | <p>Article 1 The Company is incorporated as a joint stock company with limited liability pursuant to Company Law of the People’s Republic of China (“Company Law”), Law of the People’s Republic of China on the State-Owned Assets of Enterprises, Special Regulations of the State Council on the Overseas Offerings and Listing of Shares by Joint Stock Limited Companies (“Special Regulations”), the Reply of the State Council on Adjustment of the Notice Period for General Meeting and Other Matters Applicable to Overseas Listed Company (Guo Han [2019] No. 97), <u>the Constitution of the Communist Party of China</u> and other relevant laws and administrative regulations of the State.</p> <p>With the approval of Economic System Reform Office of Beijing Municipal People’s Government as shown in its document Notice on Approval of Establishment of Beijing Youth Daily Media Development Co., Ltd. (Jing Zheng Ti Gai Gu Han [2001] No. 29) dated 25 April 2001, the Company was established by means of promotion, and obtained the business licence of the Company following registration with Beijing Administration for Industry and Commerce on 28 May 2001. The business licence number is 1100001271747.</p> <p>The promoters of the Company are: Beijing Youth Daily Agency, Beijing Zhijin Science and Technology Investment Co., Ltd., <del>China Telecommunications Broadcast Satellite Corp.</del> (renamed as China Telecommunications Broadcast Satellite Co., Ltd.), Beijing Development Area Ltd. and Sino Television Co., Ltd.</p> |

| No. | Prior to the amendments   | After the amendments   |
|-----|---|--|
| 2.  | <p>Article 7 These Articles of Association shall be binding upon the Company and its shareholders, directors, supervisors, the president, vice presidents and other senior management of the Company, who shall have the right to make any claims and propositions regarding the Company's affairs in accordance with these Articles of Association. The shareholders of the Company may pursue actions against the Company pursuant to these Articles of Association; the Company may pursue actions against its shareholders pursuant to these Articles of Association; the shareholders may pursue actions against other shareholders pursuant to these Articles of Association; the shareholders may pursue actions against the directors, supervisors, the president, vice presidents and other senior management of the Company pursuant to these Articles of Association. The actions aforementioned include the instituting of legal proceedings with a competent court or filing with an arbitral institution for arbitration.</p> | <p>Article 7 These Articles of Association shall be binding upon the Company and its shareholders, <u>members of the Party</u>, directors, supervisors, the president, vice presidents and other senior management of the Company, who shall have the right to make any claims and propositions regarding the Company's affairs in accordance with these Articles of Association. The shareholders of the Company may pursue actions against the Company pursuant to these Articles of Association; the Company may pursue actions against its shareholders pursuant to these Articles of Association; the shareholders may pursue actions against other shareholders pursuant to these Articles of Association; the shareholders may pursue actions against the directors, supervisors, the president, vice presidents and other senior management of the Company pursuant to these Articles of Association. The actions aforementioned include the instituting of legal proceedings with a competent court or filing with an arbitral institution for arbitration.</p> |
|     | <p>To add Article 10, with the serial numbers of the original articles being extended accordingly</p>   |  |
| 3.  | <p>—</p>  | <p><u>Add a new section as Article 10: In accordance with the provisions of the Constitution of the Communist Party of China and the Company Law, the Company shall set up an organisation of the Communist Party of China. The Party organisation shall exercise its leadership role, and shall focus on the overall direction and development and ensuring strict policy implementation. The Company shall establish related working organs and carry out the Party's activities.</u></p> <p><u>The Company shall provide necessary conditions for the Party organisation to implement its normal activities. The establishment and staffing of Party organisations shall be included in the enterprise management organisation and staffing, and the funds for party organisation shall be incorporated into the company budget and deducted from the administrative fees.</u></p>  |

| No.   | Prior to the amendments  | After the amendments   |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
|---|--|--|------------|--|--------------|--|-----------|--|-----------|--|-----------|--|-----------|-------------------------------|-----------|--|-------------|---------------------------|-----------|--|-----------|--|----------------------------|------------|--|--------------|--|-----------|--|-----------|---|-----------|--|-----------|-------------------------------|-----------|--|-------------|---------------------------|-----------|--|-----------|
| 4.  | <p>Article 11 The business scope of the Company shall be approved by the company registration authorities.</p> <p>The business scope of the Company includes: distribution agency of publications of Beijing Youth Daily Agency; advertising agency for domestic and foreign businessmen in China; developing computer hardware and software and network technology, and technology service, transfer, consultation and training; selling computer hardware and software; selling general merchandise; selling crafts; selling electronic products; selling jewellery; selling furniture and construction materials.</p>   | <p>Article <del>4</del><u>12</u> The business scope of the Company shall be approved by the company registration authorities.</p> <p>The business scope of the Company includes: <u>organising of cultural and artistic exchange activities (excluding performances);</u> distribution agency of publications of Beijing Youth Daily Agency; advertising agency for domestic and foreign businessmen in China; developing computer hardware and software and network technology, and technology service, transfer, consultation and training; <u>undertaking of exhibitions and display activities;</u> selling computer hardware and software, <u>daily necessities;</u> <del>selling general merchandise; selling crafts;</del> <del>selling</del> electronic products; <del>selling</del> jewellery; <del>selling</del> furniture and construction materials; <u>selling foods.</u></p> |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
| 5.  | <p>Article 17 Upon examination and approval of the company approval authority authorised by the State Council, the total number of common shares issued by the Company at the time of its incorporation was 101,260,000, at RMB1 per share, all subscribed by the following promoters, and accounting for 100% of the common shares issued by the Company:</p> <table border="0" data-bbox="295 1191 829 1638"> <tr> <td>Beijing Youth Daily Agency</td> <td>89,000,000</td> </tr> <tr> <td></td> <td>shares 87.9%</td> </tr> <tr> <td>Beijing Zhijin Science and Technology Investment Co., Ltd.</td> <td>5,060,000</td> </tr> <tr> <td></td> <td>shares 5%</td> </tr> <tr> <td>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</td> <td>3,040,000</td> </tr> <tr> <td></td> <td>shares 3%</td> </tr> <tr> <td>Beijing Development Area Ltd.</td> <td>2,130,000</td> </tr> <tr> <td></td> <td>shares 2.1%</td> </tr> <tr> <td>Sino Television Co., Ltd.</td> <td>2,030,000</td> </tr> <tr> <td></td> <td>shares 2%</td> </tr> </table> | Beijing Youth Daily Agency   | 89,000,000 |  | shares 87.9% | Beijing Zhijin Science and Technology Investment Co., Ltd. | 5,060,000 |  | shares 5% | China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.) | 3,040,000 |  | shares 3% | Beijing Development Area Ltd. | 2,130,000 |  | shares 2.1% | Sino Television Co., Ltd. | 2,030,000 |  | shares 2% | <p>Article <del>17</del><u>18</u> Upon examination and approval of the company approval authority authorised by the State Council, the total number of common shares issued by the Company at the time of its incorporation was 101,260,000, at RMB1 per share, all subscribed by the following promoters, and accounting for 100% of the common shares issued by the Company:</p> <table border="0" data-bbox="853 1191 1388 1638"> <tr> <td>Beijing Youth Daily Agency</td> <td>89,000,000</td> </tr> <tr> <td></td> <td>shares 87.9%</td> </tr> <tr> <td>Beijing Zhijin Science and Technology Investment Co., Ltd.</td> <td>5,060,000</td> </tr> <tr> <td></td> <td>shares 5%</td> </tr> <tr> <td><del>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</del></td> <td>3,040,000</td> </tr> <tr> <td></td> <td>shares 3%</td> </tr> <tr> <td>Beijing Development Area Ltd.</td> <td>2,130,000</td> </tr> <tr> <td></td> <td>shares 2.1%</td> </tr> <tr> <td>Sino Television Co., Ltd.</td> <td>2,030,000</td> </tr> <tr> <td></td> <td>shares 2%</td> </tr> </table> | Beijing Youth Daily Agency | 89,000,000 |  | shares 87.9% | Beijing Zhijin Science and Technology Investment Co., Ltd. | 5,060,000 |  | shares 5% | <del>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</del> | 3,040,000 |  | shares 3% | Beijing Development Area Ltd. | 2,130,000 |  | shares 2.1% | Sino Television Co., Ltd. | 2,030,000 |  | shares 2% |
| Beijing Youth Daily Agency  | 89,000,000   |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
|   | shares 87.9%   |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
| Beijing Zhijin Science and Technology Investment Co., Ltd.  | 5,060,000  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
|   | shares 5%  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
| China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)            | 3,040,000  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
|   | shares 3%  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
| Beijing Development Area Ltd.   | 2,130,000  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
|   | shares 2.1%  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
| Sino Television Co., Ltd.   | 2,030,000  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
|   | shares 2%  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
| Beijing Youth Daily Agency  | 89,000,000   |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
|   | shares 87.9%   |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
| Beijing Zhijin Science and Technology Investment Co., Ltd.  | 5,060,000  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
|   | shares 5%  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
| <del>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</del> | 3,040,000  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
|   | shares 3%  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
| Beijing Development Area Ltd.   | 2,130,000  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
|   | shares 2.1%  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
| Sino Television Co., Ltd.   | 2,030,000  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |
|   | shares 2%  |  |            |  |              |  |           |  |           |  |           |  |           |                               |           |  |             |                           |           |  |           |  |                            |            |  |              |  |           |  |           |   |           |  |           |                               |           |  |             |                           |           |  |           |

| No.   | Prior to the amendments  | After the amendments       |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
|---|--|----------------------------|------------------------------|--|---------------------------|--|---------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|--|-----------------------------|--|--|------------------------------|---|---------------------------|---|---------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|---------------|-----------------------------|
| 6.  | <p>Article 18 The total number of shares of the Company before offering of overseas listed foreign shares was 147,400,000, at RMB1 per share, all subscribed by the following promoters, and accounting for 100% of the common shares issued by the Company:</p> <table border="0"> <tr> <td>Beijing Youth Daily Agency</td> <td>129,557,060<br/>shares 87.9%</td> </tr> <tr> <td>Beijing Zhijin Science and Technology Investment Co., Ltd.</td> <td>7,367,000<br/>shares 5%</td> </tr> <tr> <td>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</td> <td>4,424,200<br/>shares 3%</td> </tr> <tr> <td>Beijing Development Area Ltd.</td> <td>3,098,940<br/>shares 2.1%</td> </tr> <tr> <td>Sino Television Co., Ltd.</td> <td>2,952,800<br/>shares 2%</td> </tr> </table>  | Beijing Youth Daily Agency | 129,557,060<br>shares 87.9%  | Beijing Zhijin Science and Technology Investment Co., Ltd. | 7,367,000<br>shares 5%    | China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.) | 4,424,200<br>shares 3%    | Beijing Development Area Ltd. | 3,098,940<br>shares 2.1%  | Sino Television Co., Ltd. | 2,952,800<br>shares 2%    | <p>Article <del>18</del><sup>19</sup> The total number of shares of the Company before offering of overseas listed foreign shares was 147,400,000, at RMB1 per share, all subscribed by the following promoters, and accounting for 100% of the common shares issued by the Company:</p> <table border="0"> <tr> <td>Beijing Youth Daily Agency</td> <td>129,557,060<br/>shares 87.9%</td> </tr> <tr> <td>Beijing Zhijin Science and Technology Investment Co., Ltd.</td> <td>7,367,000<br/>shares 5%</td> </tr> <tr> <td><del>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</del></td> <td>4,424,200<br/>shares 3%</td> </tr> <tr> <td>Beijing Development Area Ltd.</td> <td>3,098,940<br/>shares 2.1%</td> </tr> <tr> <td>Sino Television Co., Ltd.</td> <td>2,952,800<br/>shares 2%</td> </tr> </table> | Beijing Youth Daily Agency  | 129,557,060<br>shares 87.9%  | Beijing Zhijin Science and Technology Investment Co., Ltd. | 7,367,000<br>shares 5%       | <del>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</del> | 4,424,200<br>shares 3%    | Beijing Development Area Ltd.   | 3,098,940<br>shares 2.1%  | Sino Television Co., Ltd.     | 2,952,800<br>shares 2%    |                           |                           |               |                             |
| Beijing Youth Daily Agency  | 129,557,060<br>shares 87.9%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Beijing Zhijin Science and Technology Investment Co., Ltd.  | 7,367,000<br>shares 5%   |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)            | 4,424,200<br>shares 3%   |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Beijing Development Area Ltd.   | 3,098,940<br>shares 2.1%   |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Sino Television Co., Ltd.   | 2,952,800<br>shares 2%   |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Beijing Youth Daily Agency  | 129,557,060<br>shares 87.9%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Beijing Zhijin Science and Technology Investment Co., Ltd.  | 7,367,000<br>shares 5%   |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| <del>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</del> | 4,424,200<br>shares 3%   |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Beijing Development Area Ltd.   | 3,098,940<br>shares 2.1%   |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Sino Television Co., Ltd.   | 2,952,800<br>shares 2%   |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| 7.  | <p>Article 19 After completion of the aforementioned offering, the registered capital of the Company is RMB197,310,000, the total number of shares at present is 197,310,000, at RMB1.00 per share, and the equity structure is:</p> <table border="0"> <tr> <td>Beijing Youth Daily Agency</td> <td>124,839,974<br/>shares 63.27%</td> </tr> <tr> <td>Beijing Zhijin Science and Technology Investment Co., Ltd.</td> <td>7,367,000<br/>shares 3.73%</td> </tr> <tr> <td>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</td> <td>4,263,117<br/>shares 2.16%</td> </tr> <tr> <td>Beijing Development Area Ltd.</td> <td>2,986,109<br/>shares 1.52%</td> </tr> <tr> <td>Sino Television Co., Ltd.</td> <td>2,952,800<br/>shares 1.50%</td> </tr> <tr> <td>Public shares</td> <td>54,901,000<br/>shares 27.82%</td> </tr> </table> | Beijing Youth Daily Agency | 124,839,974<br>shares 63.27% | Beijing Zhijin Science and Technology Investment Co., Ltd. | 7,367,000<br>shares 3.73% | China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.) | 4,263,117<br>shares 2.16% | Beijing Development Area Ltd. | 2,986,109<br>shares 1.52% | Sino Television Co., Ltd. | 2,952,800<br>shares 1.50% | Public shares  | 54,901,000<br>shares 27.82% | <p>Article <del>19</del><sup>20</sup> After completion of the aforementioned offering, the registered capital of the Company is RMB197,310,000, the total number of shares <del>at present</del> is 197,310,000, at RMB1.00 per share, and the equity structure is:</p> <table border="0"> <tr> <td>Beijing Youth Daily Agency</td> <td>124,839,974<br/>shares 63.27%</td> </tr> <tr> <td>Beijing Zhijin Science and Technology Investment Co., Ltd.</td> <td>7,367,000<br/>shares 3.73%</td> </tr> <tr> <td><del>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</del></td> <td>4,263,117<br/>shares 2.16%</td> </tr> <tr> <td>Beijing Development Area Ltd.</td> <td>2,986,109<br/>shares 1.52%</td> </tr> <tr> <td>Sino Television Co., Ltd.</td> <td>2,952,800<br/>shares 1.50%</td> </tr> <tr> <td>Public shares</td> <td>54,901,000<br/>shares 27.82%</td> </tr> </table> | Beijing Youth Daily Agency                                 | 124,839,974<br>shares 63.27% | Beijing Zhijin Science and Technology Investment Co., Ltd.  | 7,367,000<br>shares 3.73% | <del>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</del> | 4,263,117<br>shares 2.16% | Beijing Development Area Ltd. | 2,986,109<br>shares 1.52% | Sino Television Co., Ltd. | 2,952,800<br>shares 1.50% | Public shares | 54,901,000<br>shares 27.82% |
| Beijing Youth Daily Agency  | 124,839,974<br>shares 63.27%   |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Beijing Zhijin Science and Technology Investment Co., Ltd.  | 7,367,000<br>shares 3.73%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)            | 4,263,117<br>shares 2.16%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Beijing Development Area Ltd.   | 2,986,109<br>shares 1.52%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Sino Television Co., Ltd.   | 2,952,800<br>shares 1.50%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Public shares   | 54,901,000<br>shares 27.82%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Beijing Youth Daily Agency  | 124,839,974<br>shares 63.27%   |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Beijing Zhijin Science and Technology Investment Co., Ltd.  | 7,367,000<br>shares 3.73%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| <del>China Telecommunications Broadcast Satellite Corp. (renamed as China Telecommunications Broadcast Satellite Co., Ltd.)</del> | 4,263,117<br>shares 2.16%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Beijing Development Area Ltd.   | 2,986,109<br>shares 1.52%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Sino Television Co., Ltd.   | 2,952,800<br>shares 1.50%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |
| Public shares   | 54,901,000<br>shares 27.82%  |                            |                              |  |                           |  |                           |                               |                           |                           |                           |  |                             |  |  |                              |   |                           |   |                           |                               |                           |                           |                           |               |                             |

| No. | Prior to the amendments   | After the amendments  |
|-----|---|---|
| 8.  | Article 80 General meetings shall be convened and presided over by the chairman. If the chairman of the board of directors of the Company cannot attend the meeting for any reason, he may designate a director of the Company to convene and preside over the meeting in proxy; if no person is designated to preside over the meeting, the attending shareholders may elect a person to preside over the meeting; in case of failure to elect a person to preside over the meeting for any reason, the shareholder (including proxies thereof) attending the meeting and holding the most voting shares shall preside over the meeting. | Article <del>80</del> 81 General meetings shall be convened and presided over by the chairman. If the chairman of the board of directors of the Company cannot attend the meeting for any reason, <del>he may designate</del> a director of the Company <u>shall be jointly elected by more than half of directors</u> to convene and preside over the meeting <del>in proxy</del> ; if no person is designated to preside over the meeting, the attending shareholders may elect a person to preside over the meeting; in case of failure to elect a person to preside over the meeting for any reason, the shareholder (including proxies thereof) attending the meeting and holding the most voting shares shall preside over the meeting.   |
|     | To add “Communist Party Committee” as new CHAPTER 10 after CHAPTER 9 “Special Voting Procedures for Class Shareholders”, and to add new Articles 94 to 97, with the serial numbers of other existing chapters and articles being extended accordingly.  |   |
| 9.  | —   | <p>New Article 94 of Chapter 10: <u>The Company shall establish the General Branch Committee of the Communist Party of China of Beijing Media Corporation Limited (the “Party General Branch”). Eligible members of the Party General Branch can join the board of directors, the board of supervisors and the management team through legal procedures, while eligible Party members of the board of directors, the board of supervisors and the management team can also join the Party General Branch in accordance with the relevant rules and procedures.</u></p> <p><u>The number of secretaries, deputy secretaries and members of the Party General Branch of the Company shall be established in accordance with the approval by the superior party committee, and subject to election. During the adjournment of the party representative congress, the superior party committee may appoint the secretary and deputy secretary of the Party General Branch when necessary.</u></p> |

| No. | Prior to the amendments | After the amendments  |
|-----|-------------------------|---|
| 10. | —                       | <p data-bbox="858 283 1388 442"><u>New Article 95 of Chapter 10: The Party General Branch of the Company shall, in accordance with the Constitution of the Communist Party of China and other party rules, perform its duties.</u></p> <p data-bbox="858 476 1388 636"><u>(I) To ensure and supervise the thorough implementation of the guidelines and policies of the Party and the State, decisions and deployment made by the party committee of the higher level throughout the Company.</u></p> <p data-bbox="858 670 1388 1274"><u>(II) To adhere to the principles of the Party exercising leadership over officials, the selection of operating managers by the board of directors, and the exercise of power as regards to the right of officials' appointment by the operating managers in accordance with laws. The Party General Branch of the Company shall recommend nominees to the board of directors or president, or contemplate and give suggestions on the candidates nominated by the board of directors or president. The Party Committee of the Company, together with the board of directors, shall observe the proposed candidates and discuss jointly to provide opinions and suggestions thereon. To perform the duty of exercising leadership over talents and proceed with the strategy of reinvigorating enterprises through human resource development.</u></p> <p data-bbox="858 1308 1388 1498"><u>(III) To study and discuss the stable reform and development, substantial operational and management issues of the Company as well as material issues relating to the interests of the employees, and provide advice and recommendations.</u></p> <p data-bbox="858 1532 1388 1847"><u>(IV) To take full responsibility to comprehensively strengthen the Party's discipline, lead the Company's ideological and political work, united front work, spiritual civilisation construction as well as corporate culture construction, and work of mass organisations such as the trade union. Play a leading role in building a Party with a clean and honest image and fulfilling its responsibility of supervision in practice.</u></p> |

| No. | Prior to the amendments  | After the amendments  |
|-----|--|---|
| 11. | —  | New Article 96 of Chapter 10: <u>In determining the substantial operational and management issues of the Company, the general meeting, the board of directors and business management organisation shall first seek opinions from the Party General Branch of the Company.</u>  |
| 12. | —  | New Article 97 of Chapter 10: <u>The work of the Party Organisation and its own construction of itself shall proceed in compliance with the relevant provisions of the Constitution of the Communist Party of China.</u>  |
| 13. | <p>Article 93 The Company shall establish a board of directors. The board of directors shall comprise nine (9) to eleven (11) directors; the board shall appoint one (1) Chairman. The external directors (namely directors who do not hold any position in the Company) shall account for one half or more of the board of directors and independent non-executive directors (namely directors who are independent of the Shareholders and do not hold any position in the Company) shall account for at least one third of the board of directors.</p> <p>The board of directors shall establish several special committees as required, including strategy committee, audit committee, remuneration committee and nomination committee.</p> | <p>Article <del>93</del><sup>98</sup> The Company shall establish a board of directors. The board of directors shall comprise <del>nine (9) to</del> eleven (11) directors; the board shall appoint one (1) Chairman. The external directors (namely directors who do not hold any position in the Company) shall account for one half or more of the board of directors and independent non-executive directors (namely directors who are independent of the Shareholders and do not hold any position in the Company) shall account for at least one third of the board of directors.</p> <p>The board of directors shall establish several special committees as required, including strategy committee, audit committee, remuneration committee and nomination committee.</p> |



| No. | Prior to the amendments   | After the amendments   |
|-----|---|--|
| 14. | <p>Article 95 The board of directors shall be accountable to the general meeting and exercise the following functions and powers:</p> <p>(I) To be responsible for convening general meetings and reporting its work to the general meetings;</p> <p>(II) To execute resolutions of general meetings;</p> <p>(III) To resolve on the Company's business plans and investment plans;</p> <p>(IV) To prepare the Company's annual financial budgets and final accounting plans;</p> <p>(V) To prepare the Company's profit distribution plans and loss recovery plans;</p> <p>(VI) To formulate the plan for increase or reduction of the Company's registered capital, and the plan for issue of the Company's bonds;</p> <p>(VII) To formulate proposals for merger, division or dissolution of the Company;</p> <p>(VIII) To resolve on the Company's internal management setup;</p> <p>(IX) To appoint or remove the Company's president; to appoint or remove the Company's vice president and other senior management (including chief financial officer) according to the proposals of the president and determine their remunerations;</p> <p>(X) To set up the basic management system of the Company;</p> | <p>Article <del>95</del><u>100</u> The board of directors shall be accountable to the general meeting and exercise the following functions and powers:</p> <p>(I) To be responsible for convening general meetings and reporting its work to the general meetings;</p> <p>(II) To execute resolutions of general meetings;</p> <p>(III) To resolve on the Company's business plans and investment plans;</p> <p>(IV) To prepare the Company's annual financial budgets and final accounting plans;</p> <p>(V) To prepare the Company's profit distribution plans and loss recovery plans;</p> <p>(VI) To formulate the plan for increase or reduction of the Company's registered capital, and the plan for issue of the Company's bonds;</p> <p>(VII) To formulate proposals for merger, division or dissolution of the Company;</p> <p>(VIII) To resolve on the Company's internal management setup;</p> <p>(IX) To appoint or remove the Company's president; to appoint or remove the Company's vice president and other senior management (including chief financial officer) according to the proposals of the president and determine their remunerations;</p> <p>(X) To set up the basic management system of the Company;</p> |

| No. | Prior to the amendments  | After the amendments  |
|-----|--|---|
|     | <p>(XI) To formulate the plan for any amendment to these Articles of Association;</p> <p>(XII) To formulate the plan for material acquisition or disposal of the Company; and</p> <p>(XIII) To exercise other duties as specified in these Articles of Association or conferred by general meetings.</p> <p>The board of directors may resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in Items (VI), (VII) and (XI), in which approval of two thirds of the directors is required.</p> <p>A resolution on the Company's connected transactions shall not be valid unless it is signed by the independent non-executive directors.</p> | <p>(XI) To formulate the plan for any amendment to these Articles of Association;</p> <p>(XII) To formulate the plan for material acquisition or disposal of the Company; and</p> <p>(XIII) To exercise other duties as specified in these Articles of Association or conferred by general meetings.</p> <p>The board of directors may resolve on the issues specified in the preceding paragraph by approval of more than half of the directors save for the issues specified in Items (VI), (VII) and (XI), in which approval of two thirds of the directors is required.</p> <p>A resolution on the Company's connected transactions shall not be valid unless it is signed by the independent non-executive directors.</p> <p><u>When making decisions on significant matters such as direction of reform and development, key objectives, and priority operational arrangements of the Company, the board of directors shall first seek opinions from the Party organisation of the Company.</u></p> |
| 15. | <p>Article 98 The board of directors convenes at least four meetings regularly every year. Meetings of the board of directors shall be convened by the chairman of the board of directors, notice shall be served with the notice of such regular meetings sent to all the directors at least fourteen days in advance. As for convening all other meetings of the board of directors, notices shall be served to all directors within a reasonable period. In emergency, extraordinary meetings of the board of directors may be convened upon proposal by more than two directors or by one third (1/3) of the directors or by the president of the Company.</p>   | <p>Article <del>98</del><sup>103</sup> The board of directors convenes at least <del>four</del><sup>two</sup> meetings regularly every year. Meetings of the board of directors shall be convened by the chairman of the board of directors, notice shall be served with the notice of such regular meetings sent to all the directors at least fourteen days in advance. As for convening all other meetings of the board of directors, notices shall be served to all directors within a reasonable period. In emergency, extraordinary meetings of the board of directors may be convened upon proposal by <u>the Party General Branch of the Company and</u> more than two directors or by one third (1/3) of the directors or by the president of the Company.</p>   |

| No. | Prior to the amendments  | After the amendments   |
|-----|--|--|
| 16. | <p>Article 109 The president shall exercise the following functions and powers:</p> <p>(I) To manage the business operations of the Company and organise to execute the resolutions of the board of directors;</p> <p>(II) To organise and execute the Company's annual business plans and investment plans;</p> <p>(III) To prepare the plan for the internal management setup of the Company;</p> <p>(IV) To prepare the basic management system of the Company;</p> <p>(V) To formulate the Company's basic rules;</p> <p>(VI) To propose the appointment or dismissal of other senior management (including chief financial officer) of the Company;</p> <p>(VII) To appoint or dismiss executives other than those appointed or dismissed by the board of directors;</p> <p>(VIII) To prepare the plan for and decide on the Company's branch setup;</p> <p>(IX) To appoint, replace or refer shareholders' representatives, directors and supervisors of the holdings subsidiaries and joint-stock subsidiaries; and</p> <p>(X) To exercise other functions and powers conferred in these Articles of Association and by the board of directors.</p> | <p>Article <del>109</del><sup>114</sup> The president shall exercise the following functions and powers:</p> <p>(I) To manage the business operations of the Company and organise to execute the resolutions of the board of directors;</p> <p>(II) To organise and execute the Company's annual business plans and investment plans;</p> <p>(III) To prepare the plan for the internal management setup of the Company;</p> <p>(IV) To prepare the basic management system of the Company;</p> <p>(V) To formulate the Company's basic rules;</p> <p>(VI) To propose the appointment or dismissal of other senior management (including chief financial officer) of the Company;</p> <p>(VII) To appoint or dismiss executives other than those appointed or dismissed by the board of directors;</p> <p>(VIII) To prepare the plan for and decide on the Company's branch setup;</p> <p>(IX) To appoint, replace or refer shareholders' representatives, directors and supervisors of the holdings subsidiaries and joint-stock subsidiaries; and</p> <p>(X) To exercise other functions and powers conferred in these Articles of Association and by the board of directors.</p> <p><u>When making decisions on significant matters, the president of the Company shall first seek opinions from the Party organisation of the Company.</u></p> |

| No. | Prior to the amendments  | After the amendments  |
|-----|--|---|
| 17. | <p>Article 113 The supervisory committee shall comprise three to five members, including one chairman. The term of office of a supervisor shall be three years, upon expiration thereof the said supervisor may be reelected for successive terms.</p> <p>(I) The chairman of the supervisory committee shall be appointed or removed by the votes of two thirds or more of the members of the supervisory committee.</p> <p>(II) Resolutions of the meeting of the supervisory committee shall be approved by two thirds or more of the members of the supervisory committee.</p> <p>The chairman of the supervisory committee shall organise to perform the duties of the supervisory committee.</p> | <p>Article <del>113</del><sup>118</sup> The supervisory committee shall comprise three <u>(3)</u> <del>to five</del> members, including one chairman. The term of office of a supervisor shall be three years, upon expiration thereof the said supervisor may be reelected for successive terms.</p> <p>(I) The chairman of the supervisory committee shall be appointed or removed by the votes of two thirds or more of the members of the supervisory committee.</p> <p>(II) Resolutions of the meeting of the supervisory committee shall be approved by two thirds or more of the members of the supervisory committee.</p> <p>The chairman of the supervisory committee shall organise to perform the duties of the supervisory committee.</p> |



## BEIJING MEDIA CORPORATION LIMITED

### 北青傳媒股份有限公司

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

**(Stock Code: 1000)**

## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Beijing Media Corporation Limited (the “Company”) will be held at 2:00 p.m. on Friday, 29 December 2023 at Conference Room 704, 7th Floor, Beijing Youth Daily Agency, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the People's Republic of China (the “PRC”), for the purpose of considering and, if thought fit, passing the following resolutions:

### **As Special Resolution**

1. To consider and, if thought fit, to approve the amendments to the Articles of Association of the Company (details of the amendments are set out in the circular of the Company dated 14 December 2023).

### **As Ordinary Resolutions**

2. To consider and, if thought fit, to approve the appointment of Mr. Wang Hao as a non-executive director of the eighth session of the board of directors 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.
3. To consider and, if thought fit, to approve:

#### **“THAT**

- a. The exclusive concession rights agreement of Beijing Metro Line 4 and Daxing Line and the exclusive concession rights agreement of Beijing Metro Line 17 dated 11 December 2023 and entered into between the Company and Beijing MTR Corporation Limited\* and Beijing Jinggang Line 17 Metro Co., Ltd.\*, respectively;
- 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

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## NOTICE OF EGM

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consider necessary or desirable for the purpose of giving effect to the exclusive concession rights agreement of Beijing Metro Line 4 and Daxing Line and the exclusive concession rights agreement of Beijing Metro Line 17 and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.”

4. To consider and, if thought fit, to approve the amendments to the Rules of Procedures of the Board of the Company.
5. To consider and, if thought fit, to approve the amendments to the Rules of Procedure of the Supervisory Committee of the Company.

By order of the Board  
**Beijing Media Corporation Limited**  
Chairman  
**Sun Baojie**

Beijing, the PRC  
14 December 2023

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

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

Notes:

### 1. Eligibility for Attending the EGM

Holders of H shares whose names appear on the register of the Company maintained by Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, on Thursday, 28 December 2023 shall be entitled to attend the EGM.

Holders of H shares intending to attend and vote at the EGM to be held on Friday, 29 December 2023 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 Wednesday, 27 December 2023.

### 2. Proxy

- (1) Shareholders entitled to attend and vote at the EGM may appoint one or more proxies in writing to attend and vote at the meeting on his behalf. The proxy need not be a shareholder of the Company.
- (2) A proxy shall be appointed by a shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under hand of its director(s) or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.

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## NOTICE OF EGM

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- (3) To be valid, the notarized power of attorney or other document(s) of authorization (if any) and the form of proxy shall be delivered to (i) the registered office address of Company for holders of domestic shares; and (ii) Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, for holders of H shares, no less than 24 hours before the time fixed for convening the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting if he so desires.
- (4) If a shareholder appoints more than one proxy, such proxies shall only exercise their voting rights by a poll.

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

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

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

The Register of Members will be closed from Thursday, 28 December 2023 to Friday, 29 December 2023 (both days inclusive).

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

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

### **6. Miscellaneous**

- (1) The EGM is expected to be held for less than half a day. Shareholders attending the EGM shall be responsible for their own travelling and accommodation expenses.
- (2) The address of the Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, is 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