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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.

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)

POSSIBLE MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF TARGET PROPERTY THROUGH PUBLIC TENDER AND NOTICE OF EGM

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

BAOQIAO PARTNERS CAPITAL LIMITED

A letter from the Board is set out on pages 4 to 11 of this circular and a letter from the Independent Board Committee, containing its recommendations to the Independent Shareholders, is set out on pages 12 to 13 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 14 to 27 of this circular.

A notice convening the EGM to be held at 2:00 p.m. on Monday, 23 December 2024 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 64 to 67 of this circular. Whether or not you are able to attend the EGM in person, 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.

3 December 2024

CONTENTS

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
"Asset Transfer Agreement"	asset transfer agreement to be entered into between the Vendor and the successful bidder of the Public Tender in accordance with the rules of CBEX
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Beijing SASAC"	the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality
"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 based on the entrust management arrangement among the Company, Capital Group and BYDA
"CBEX"	China Beijing Equity Exchange Co., Ltd.* (北京產權交易所有限公司), an institution authorised by the SASAC for transaction of assets and equity of state-owned enterprises, under the jurisdiction of the Government of the PRC
"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 Stock Exchange; the Company is a leading media company in China. Its principal business includes sales of media advertisement, production of newspapers and magazines and trading of print-related materials
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Connected Transaction"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting to be convened by the Company on Monday, 23 December 2024
"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 Board Committee"	an independent board committee comprising all the independent non-executive Directors, who have no material interest in the Possible Major and Connected Transaction in relation to the Proposed Disposal, 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 above matters
"Independent Financial Adviser" or "BaoQiao Partners"	BaoQiao Partners 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 the Independent Board Committee and Independent Shareholders in respect of the Possible Major and Connected Transaction in relation to the Proposed Disposal
"Independent Property Valuer"	United Assets & Real Estate Appraisal Co., Ltd.* (聯合中和土地房地產資產評估有限公司), an independent valuer in Hong Kong in relation to the valuation of the Target Property
"Independent Shareholders"	shareholders who have no material interest in the Possible Major and Connected Transaction in relation to the Proposed Disposal and are not required to abstain from voting on the relevant resolutions at the EGM
"Latest Practicable Date"	29 November 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Possible Connected Purchaser"	a subsidiary of Capital Group (but not being any member of the Group), which has indicated to the Vendor its intention to participate in the bidding process of the Public Tender for the Proposed Disposal

"Possible Major and Connected Transaction"	the Proposed Disposal will constitute a major transaction for the Company in accordance with initial bidding price of the Public Tender if the bid is successful and also a connected transaction for the Company if the successful bidder is the Possible Connected Purchaser
"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
"Property Valuation Report"	the valuation report of the Target Property issued by the Independent Property Valuer, the text of which is set out in Appendix II to this circular
"Proposed Disposal"	disposal of the Target Property by the Vendor through Public Tender
"Publication Period"	the publication period for the Public Tender during which qualified bidders may submit to CBEX their applications for the bid
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	the State-owned Assets Supervision and Administration Commission 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
"Target Property"	six properties (C1501, C1501', C1502, C1503, C1505, C1506) located on the 15th floor of Block C, Grand Place, located at No. 5 Huizhong Road, Chaoyang District, Beijing held by the Vendor and is used for lease in full, which are to be disposed of by the Vendor through the Public Tender
"Vendor" or "Beiqing Outdoor"	Beijing Beiqing Outdoor Advertisement Co., Ltd., incorporated in the PRC, is a wholly-owned subsidiary of the Company and is principally engaged in outdoor advertising business

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

Non-Executive Directors:
Sun Baojie
Cui Ping
Wang Hao
Wang Zechen
Zhang Lei

Independent Non-Executive Directors:
Shi Hongying
Chan Yee Ping, Michael
Du Guoqing
Kong Weiping

Registered Office:
Building A, No. 23 Baijiazhuang Dongli
Chaoyang District, Beijing
the PRC

3 December 2024

To the Shareholders

Dear Sir or Madam,

POSSIBLE MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF TARGET PROPERTY THROUGH PUBLIC TENDER

I. INTRODUCTION

References are made to the announcements of the Company dated 27 November 2024 in respect of Possible Major and Connected Transaction in relation to the Proposed Disposal.

The purpose of this circular is to provide you with, among others, (i) further information of the Possible Major and Connected Transaction in relation to the Proposed Disposal; (ii) financial information of the Group; (iii) the Property Valuation Report; (iv) general information of the Group; and (v) a notice of the EGM.

II. POSSIBLE MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED DISPOSAL

1. The Proposed Disposal

The Company intends to dispose of the Target Property held by the Vendor, a wholly-owned subsidiary of the Company.

Since the Company is a state-owned enterprise, the Target Property constitutes state-owned assets and the disposal of the Target Property is required to undergo the process of Public Tender through an equity exchange in accordance with the relevant PRC laws and regulations on the disposal of state-owned assets. Therefore, the Proposed Disposal will be carried out through CBEX by the way of Public Tender.

The detailed information of the Target Property and the process of Public Tender is as follows:

Information on the Target Property

The Target Property, located on the 15th floor of Block C, Grand Place, No. 5 Huizhong Road, Chaoyang District, Beijing, the PRC, including six properties (C1501, C1501', C1502, C1503, C1505, 1506), and it was completed in 2000 and purchased by the Vendor from an independent third party in October 2001. The land use rights of the Target Property were granted for a term expiring on 9 December 2046 for comprehensive (office) uses.

As of the Latest Practicable Date, the Target Property was wholly leased with an expiry on 31 July 2027. In the event of the disposal of the Target Property during the lease period, the above lease shall not be affected. In case of any early termination of the lease by the Vendor, the lessee shall agree, on condition that the Vendor should give a three-months' notice to the lessee and compensate the lessee with two-months' rent, and if the Vendor fails to give a three-months' notice to the lessee, the compensation paid to the lessee shall be three months' rent.

The audited financial information of the Target Property for the two financial years ended 31 December 2023 is set out as follows:

	For the year ended 31 December 2022 *RMB*	For the year ended 31 December 2023 *RMB*
Total rental income *(Note 1)*	1,427,249.63	1,902,999.47
Total profits before tax *(Note 2)*	1,146,514.90	1,622,264.85
Total profits after tax *(Note 3)*	1,036,084.51	1,497,250.45

Notes:

1. The total rental income of the Target Property for the year ended 31 December 2022 refers to that from 1 April 2022, being the commencement date of the lease.

2. The total profits before tax of the Target Property equals to the total rental income for each year minus the relevant property management fees of the Target Property.

3. The total profits after tax of the Target Property equals to the total profits before tax minus the total amount of the real estate tax and land tax.

Date of the Public Tender

According to the process of Public Tender of CBEX, the Vendor shall submit to CBEX the tender notice, and the Publication Period shall be 20 working days from the date of the tender notice. During the Publication Period, qualified bidders may indicate their intention to purchase the Target Property and register themselves as the prospective bidders, and the successful bidder shall be the one with the highest bidding price as determined according to the bidding procedures of CBEX. Upon the close of the Public Tender, CBEX will notify the Vendor of the identity of the successful bidder(s). As soon as the identity of the successful bidder(s) is confirmed, the Vendor shall enter into the Asset Transfer Agreement with the successful bidder.

The tender notice was submitted to CBEX on 27 November 2024, and thereafter the Public Tender commenced. The Publication Period will end on 25 December 2024.

Public Tender and Final Consideration

The initial bidding price for the disposal of the Target Property through the Public Tender is RMB20.7065 million, which was determined after having taken into account, among others, the valuation of the Target Property. According to the Property Valuation Report prepared by the Independent Property Valuer, the market value of the Target Property as at the valuation date (i.e. 30 September 2024) was RMB20.7065 million. The Directors consider that the initial bidding price is fair and reasonable, and in the interests of the Company and its Shareholders as a whole. The final consideration for the disposal of the Target Property shall be the winning bidding price in the Public Tender, and in any event not less than the initial bidding price of the foresaid Target Property.

The potential bidder(s) for the Proposed Disposal shall pay an amount equivalent to no more than 30% of the initial bidding price for the Target Property (i.e. RMB6.21195 million) as earnest money. Any earnest money paid by the successful bidder shall be deemed to be part payment of the final consideration for the purchase of the Target Property; after deducting the above-mentioned earnest money, the balance of the final consideration for the sale of the Target Property will be paid by the successful bidder in a lump sum within 5 working days after the effective date of the Asset Transfer Agreement. The earnest money paid by the unsuccessful bidder(s) will be fully returned to the relevant unsuccessful bidder(s) on a non-interest-bearing basis within 3 working days after the identity of the successful bidder is confirmed by CBEX.

2. Possible Major and Connected Transaction

On 27 November 2024, Possible Connected Purchaser (a subsidiary of Capital Group) has indicated to the Vendor its intention to participate in the bidding process of the Public Tender for the Proposed Disposal, subject to the consideration and approval of the board of directors of the Possible Connected Purchaser. Subject to the fulfilment of the following conditions precedent, the Vendor will enter into the Asset Transfer Agreement with Possible Connected Purchaser, pursuant to which the Vendor will dispose of the Target Property to Possible Connected Purchaser for a final consideration which will be subject to the winning bidding price of Possible Connected Purchaser, which shall in any event not be less than the initial bidding price of RMB20.7065 million for the above-mentioned Public Tender, and will be paid in accordance with the requirements of CBEX as described above.

Having considered that Possible Connected Purchaser will comply with the rules of CBEX (including the initial bidding price and the payment arrangements) in participating in the Public Tender, together with the reasons for and benefits of the transaction as mentioned below, the Board considers that the Possible Major and Connected Transaction in relation to the Proposed Disposal is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Conditions precedent

The Possible Major and Connected Transaction is subject to the fulfilment of the following conditions precedent:

1. Possible Connected Purchaser has become the successful bidder as it eventually qualified as the transferee after the Public Tender; and

2. The Company has completed the necessary approval procedures in accordance with applicable laws and regulations, the Listing Rules, etc., in respect of the Possible Major and Connected Transaction in relation to the Proposed Disposal, including but not limited to filing the valuation report of the Target Property to Capital Group (being the entity that performs the duties of supervision and management of state-owned assets pursuant to the relevant policies of Beijing SASAC) prior to the Public Tender pursuant to the relevant requirements on the valuation of state-owned assets, the approval by the Board, and the approval by the Independent Shareholders at the EGM.

As at the Latest Practicable Date, the filing of the valuation report of the Target Property has been completed as Capital Group (being the entity that performs the duties of supervision and management of state-owned assets pursuant to the relevant policies of Beijing SASAC) has confirmed the content of the valuation report of the Target Property, including the qualification of the Independent Property Valuer, the valuation date and valid period of the valuation result, the method of valuation and the particulars of the Target Property, etc., and the Board has approved the Possible Major and Connected Transaction in relation to the Proposed Disposal. Subject to the fulfilment of other conditions precedents above, once the Possible Major and Connected Transaction is fulfilled, the Company will make an announcement as soon as practicable in accordance with the requirements of the applicable laws and regulations and the Listing Rules.

General Information on Possible Connected Purchaser

Possible Connected Purchaser is a subsidiary of Capital Group, the de facto controller of the Company (but not being any member of the Group), and its ultimate actual controller is Beijing SASAC.

3. REASONS FOR AND BENEFITS OF THE TRANSACTION

In view of the prevailing market conditions of the commercial properties and the overall business planning of the Group, the Board considers that the Proposed Disposal will enable the Group to realise its investment in the Target Property and use the net proceeds as general working capital of the Group, which represents an opportunity for the Group to realise the value of the property at a reasonable price. The Target Property is a non-core asset of the Group. The Proposed Disposal is conducive to the revitalisation of the inventory of assets, accelerating the liquidation and disposal of inefficient assets, optimising the Group's asset allocation, reducing the project management and investment costs, and facilitating the Group's focusing of resources on its principal business, improving quality and efficiency, facilitating the Group's in-depth business restructuring and promoting the healthy development of the Group's operations.

The proceeds from the consideration for the Proposed Disposal are estimated to be approximately RMB17.55 million, after deduction of relevant expenses and taxes. The net proceeds from the Proposed Disposal are intended to be used to supplement the general working capital of the Group and for the development of the principal business.

4. FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

As confirmed by ShineWing Certified Public Accountants (Special General Partnership), the auditor of the Company, the Company will realise an unaudited after-tax gain of approximately RMB15.1977 million from the disposal of the Target Property, which equals to the difference between the initial bidding price (being the lowest transaction consideration) of RMB20.7065 million minus related taxes and fees totaling RMB2.1755 million, the balance of Target Property (as investment property) of RMB19.3323 million as at the disposing date and balances of other comprehensive income and deferred income tax liabilities totaling RMB–15.9990 million.

Lowest transaction consideration	RMB20.7065 million
Minus:	
Related taxes and fees	RMB2.1755 million
The balance of investment property as at the disposing date	RMB19.3323 million
Balances of other comprehensive income and deferred income tax liabilities *(Note)*	RMB–15.9990 million
Equals to	RMB15.1977 million

Note: The cost of the Target Property was RMB12.9426 million. As at 1 December 2010, the Company modified the use of the Target Property, converting its account from fixed assets to investment property measured at fair value. The fair value of the Target Property as investment property was RMB30.9978 million at that date. It resulted in other comprehensive income and deferred income tax liabilities amounted to RMB18.0552 million. After that, due to changes of the fair value, the Company recognized deferred income tax liabilities of RMB–2.0562 million. Therefore, at the disposal date, the balances of other comprehensive income and deferred income tax liabilities should carry over to profit and loss, which is approximately RMB15.9990 million.

5. LISTING RULES IMPLICATIONS

As disclosed in the announcements of the Company dated 18 June 2020 and 20 May 2021 in relation to the entrust management arrangement among the Company, Capital Group and BYDA, 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 the de facto controller and a connected person of the Company. Possible Connected Purchaser is a subsidiary of Capital Group, therefore Possible Connected Purchaser is an associate of Capital Group and a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the Proposed Disposal based on the initial bidding price for the Public Tender exceed 25% but are less than 75%, accordingly, the Proposed Disposal will constitute a major transaction for the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. If the above conditions precedent are fulfilled and Possible Connected Purchaser is ultimately qualified as the transferee and is the successful bidder, the Proposed Disposal will also constitute a connected transaction for the Company; as the highest applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the Proposed Disposal based on the initial bidding price for the Public Tender exceed 5%, the Proposed Disposal is subject to annual review, reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

After the final consideration and final transferee have been confirmed, the Company will make further announcement when the Vendor enters into the Asset Transfer Agreement with the final transferee. In the event the Proposed Disposal falls into another category of notifiable transaction (other than a major transaction) under Chapter 14 of the Listing Rules, the Company will make further announcement(s) and comply with the relevant requirements under the Listing Rules, including but not limited to further Shareholders' approval and circular requirements if the Proposed Disposal falls into a higher classification of notifiable transaction (e.g. a very substantial disposal).

Save for Ms. Sun Baojie, Mr. Jing Enji, Ms. Cui Ping and Mr. Wang Hao (all employed by Capital Group, the parent company of Possible Connected Purchaser, or its subsidiaries) who have abstained from voting on the relevant Board resolution(s) for their material interests in the Possible Major and Connected Transaction in relation to the Proposed Disposal, to the best knowledge of the Company having made all reasonable enquiries, none of the other Directors is required to abstain from voting on the relevant Board resolution(s).

III. 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 Monday, 23 December 2024, has been set out on pages 64 to 67 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 above matters, 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 resolutions 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 resolutions to be proposed at 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.

IV. 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 matters to be put to the Shareholders for voting at the EGM are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the resolutions at the EGM.

V. OTHER INFORMATION

Your attention is drawn to (i) the Letter from the Independent Board Committee set out in this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the Possible Major and Connected Transaction in relation to the Proposed Disposal; and (ii) the Letter from the Independent Financial Adviser set out in this circular which contains the recommendations of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Possible Major and Connected Transaction in relation to the Proposed Disposal, and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice. Your attention is also drawn to the information set out in the appendices to this circular.

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

The following is the letter from the Independent Board Committee to the Independent Shareholders in respect of the Possible Major and Connected Transaction in relation to the Proposed Disposal, 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)

3 December 2024

To the Independent Shareholders

Dear Sir or Madam,

POSSIBLE MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF TARGET PROPERTY THROUGH PUBLIC TENDER

We refer to the circular of the Company dated 3 December 2024 (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 Possible Major and Connected Transaction in relation to the Proposed Disposal (details of which are set out in the letter from the Board) are fair and reasonable so far as the Independent Shareholders are concerned.

BaoQiao Partners 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 Possible Major and Connected Transaction in relation to the Proposed Disposal. Details of the advice from BaoQiao Partners, together with the principal factors taken into consideration in arriving at such advice, have been set out in this circular.

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

Having considered (i) the terms and conditions of the Possible Major and Connected Transaction in relation to the Proposed Disposal, (ii) the discussion with the management of the Company about the background to and nature of the Possible Major and Connected Transaction in relation to the Proposed Disposal, (iii) the basis for determining the initial bidding price of the Public Tender, (iv) the business and financial effects of the Possible Major and Connected Transaction in relation to the Proposed Disposal, and (v) the advice given by the Independent Financial Advisor and the principal factors and reasons taken into consideration by them in arriving at its advice, we are of the view that the Possible Major and Connected Transaction in relation to the Proposed Disposal (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 fair and reasonable and in the interests of Company and its Shareholders as a whole although not entered into in the ordinary and usual course of business of the Group.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM so as to approve the Possible Major and Connected Transaction in relation to the Proposed Disposal.

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

The following is the full text of the letter of advice from BaoQiao Partners Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

寶橋 BAOQIAO PARTNERS

BAOQIAO PARTNERS CAPITAL LIMITED

Unit 2803–2805, 28/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

3 December 2024

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

Dear Sir or Madam,

POSSIBLE MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF TARGET PROPERTY THROUGH PUBLIC TENDER

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Possible Major and Connected Transaction in relation to the Proposed Disposal, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 3 December 2024 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 27 November 2024 regarding the Possible Major and Connected Transaction in relation to the Proposed Disposal (the "**Announcement**").

As disclosed in the Letter from the Board, the Company intends to dispose of the Target Property held by the Vendor, a wholly-owned subsidiary of the Company. Since the Company is a state-owned enterprise, the Target Property constitutes state-owned assets and the disposal of the Target Property is required to undergo the process of Public Tender through an equity exchange in accordance with the relevant PRC laws and regulations on the disposal of state-owned assets. Therefore, the Proposed Disposal will be carried out through CBEX by the way of Public Tender with initial bidding price of RMB20.7065 million.

On 27 November 2024, the Possible Connected Purchaser (a subsidiary of Capital Group), has indicated to the Vendor its intention to participate in the bidding process of the Public Tender for the Proposed Disposal, subject to the consideration and approval of the board of directors of the Possible Connected Purchaser.

As disclosed in the announcements of the Company dated 18 June 2020 and 20 May 2021 in relation to the entrust management arrangement among the Company, Capital Group and BYDA, 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 the de facto controller and a connected person of the Company. The Possible Connected Purchaser is a subsidiary of Capital Group and therefore the Possible Connected Purchaser is an associate of Capital Group and a connected person of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the Proposed Disposal based on the initial bidding price for the Public Tender exceed 25% but are less than 75%. Accordingly, the Proposed Disposal will constitute a major transaction for the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

If the conditions precedent to the Possible Major and Connected Transaction are fulfilled and the Possible Connected Purchaser is ultimately qualified as the transferee and is the successful bidder, the Proposed Disposal will also constitute a connected transaction for the Company, as the highest applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of the Proposed Disposal based on the initial bidding price for the Public Tender exceed 5%, the Possible Major and Connected Transaction in relation to the Proposed Disposal is subject to annual review, reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising of the independent non-executive Directors, namely Ms. Shi Hongying, Mr. Chan Yee Ping, Michael, Ms. Du Guoqing and Mr. Kong Weiping, has been established to advise the Independent Shareholders in respect of the Possible Major and Connected Transaction in relation to the Proposed Disposal. We, BaoQiao Partners Capital Limited, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

In the last two years, prior to the Latest Practicable Date, we have not acted in any capacity in relation to any transactions of the Company. As at the Latest Practicable Date, we do not have any relationship with, or have any interest in, the Group, the Possible Connected Purchaser and their respective associates that could reasonably be regarded as relevant to our independence. Apart from the normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. As such, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Announcement, the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (collectively, the "**Management**"). We have reviewed, among others, the annual report of the Company for the year ended and 31 December 2023 ("**FY2023**") (the "**2023 Annual Report**"), the interim report of the Company for the six months ended 30 June 2024 ("**HY2024**") (the "**2024 Interim Report**"), the Property Valuation Report, certain corporate and financial information of the Group, and the information set out in the Announcement and the Circular. We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive 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 representations made by the Management in the Circular and/or discussed with/provided to us were reasonably made after due enquiries and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Management, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

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, financial condition and future prospects of the Group, the Possible Connected Purchaser and their respective associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Proposed Disposal. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the facts, information, representations and opinions made available to us, at the Latest Practicable Date.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of approving the Possible Major and Connected Transaction in relation to the Proposed Disposal, and this letter, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Possible Major and Connected Transaction in relation to the Proposed Disposal, we have taken into consideration the following factors and reasons:

1. Background Information of the Parties Involved

(a) The Group

The Company is 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. The Group is principally engaged in the sales of media advertisement, production of newspapers and magazines and trading of print-related materials.

Set out below is a summary of the audited consolidated financial information of the Group for FY2023 and the year ended 31 December 2022 ("**FY2022**") as extracted from the 2023 Annual Report and the unaudited consolidated financial information of the Group for HY2024 and the six months ended 30 June 2023 ("**HY2023**") as extracted from the 2024 Interim Report:

	FY2023	**FY2022**	**HY2024**	**HY2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Total operating income	200,784	158,397	91,732	80,666
Operating costs	171,661	150,916	86,885	68,649
Net losses	(14,230)	(28,174)	(10,107)	(4,340)

	As at 31 December 2023 *RMB'000* (Audited)	As at 30 June 2024 *RMB'000* (Unaudited)
Total assets	711,611	698,048
Total liabilities	76,637	73,043
Total equity attributable to Shareholders of the Company	623,207	615,063

Financial performance of the Group

The Group's operating income is mainly generated from the sale of advertising spaces and incomes from printing, trading of printing-related materials and rental income, of which incomes from the sale of advertising spaces and trading of printing-related materials in aggregate accounted for over 80% of the Group's revenue for the respective financial years/periods.

FY2022 vs FY2023

The Group's total operating income was approximately RMB200.8 million for FY2023, representing an increase of approximately 26.8% or RMB42.4 million as compared to approximately RMB158.4 million for FY2022. As disclosed in the 2023 Annual Report, the increase in the total operating income was mainly attributable to (i) the increase in the operating income from advertising business of approximately RMB29.1 million, from approximately RMB58.1 million for FY2022 to approximately RMB87.2 million for FY2023, through the expansion of its convergence media publicity and comprehensive services business by the Company's principal subsidiary, Beiqing Community Media Technology (Beijing) Co., Ltd during 2023; and (ii) the increase in the operating income from other business of approximately RMB20.8 million, from approximately RMB0.5 million for FY2022 to approximately RMB21.3 million for FY2023, through the promotion of the youth student travel business in 2023, taking the opportunity from market recovery after the COVID-19 pandemic, which was partially offset by the decrease in revenue from the trading of printing-related materials of approximately RMB11.3 million or 12.7% for FY2023.

For FY2023, the Group's operating costs (directly attributable to the operating businesses) amounted to approximately RMB171.7 million, representing an increase of approximately 13.8% as compared to approximately RMB150.9 million for FY2022.

The Group reported a net loss of approximately RMB14.2 million for FY2023, representing a decrease of approximately RMB14.0 million from approximately RMB28.2 million for FY2022, due primarily to (i) the increase in total operating income of approximately RMB42.4 million and the less than proportional increase in the Group's direct operating costs as mentioned above; and (ii) the turnaround from the loss on changes in fair value of the Group's investments of approximately RMB5.1 million for FY2022 to the gain on changes in fair value of approximately RMB4.1 million for FY2023.

HY2023 vs HY2024

The Group's total operating income was approximately RMB91.7 million for HY2024, representing an increase of approximately 13.6% or RMB11.0 million as compared to approximately RMB80.7 million for HY2023. As disclosed in the 2024 Interim Report, the increase in the total operating income was mainly attributable to (i) the increase in the operating income from advertising business of approximately RMB8.3 million, from approximately RMB37.1 million for HY2023 to approximately RMB45.4 million for HY2024, as a result of the Group's proactive expansion of outdoor advertising channels in HY2024; and (ii) the increase in the operating income from other business of approximately RMB9.3 million, from approximately RMB2.4 million for HY2023 to approximately RMB11.7 million for HY2024, through the continued promotion of the youth student travel business in the first half of 2024. Revenue from trading of printing-related materials remained at approximately RMB30 million for both HY2024 and HY2023.

For HY2024, the Group's operating costs (directly attributable to the operating businesses) amounted to approximately RMB86.9 million, representing an increase of approximately 26.7% as compared to approximately RMB68.6 million for HY2023.

The Group reported a net loss of approximately RMB10.1 million for HY2024, more than double of net loss of approximately RMB4.3 million for HY2023, due primarily to the significant increase in the Group's operating costs attributable to the advertising business as a result of the development of the outdoor advertising resources on metros and the increase in costs of the expansion of student travel business.

Financial and liquidity position of the Group

As at 31 December 2023 and 30 June 2024, the Group's total assets amounted to approximately RMB711.6 million and approximately RMB698.0 million respectively, which comprised mainly (i) financial assets held for trading of approximately RMB156.5 million and approximately RMB134.1 million; (ii) bank balances and cash of approximately RMB76.3 million and approximately RMB63.7 million, as at 31 December 2023 and 30 June 2024 respectively; as well as (iii) investment in other equity instruments and investment properties of approximately RMB303.4 million and approximately RMB77.6 million respectively at the end of both reporting year/period.

As at 31 December 2023 and 30 June 2024, the total liabilities of the Group amounted to approximately RMB76.6 million and approximately RMB73.0 million respectively, which mainly included (i) notes payable of approximately RMB15.6 million and approximately RMB20.1 million; (ii) accounts payable of approximately RMB17.7 million and approximately RMB14.4 million; and (iii) other payables of approximately RMB15.8 million and approximately RMB13.7 million, as at 31 December 2023 and 30 June 2024 respectively.

Total equity attributable to Shareholders of the Company decreased by approximately RMB8.1 million from approximately RMB623.2 million as at 31 December 2023 to approximately RMB615.1 million as at 30 June 2024, due primarily to the reported net loss of approximately RMB10 million for HY2024.

As disclosed in the 2023 Annual Report and the 2024 Interim Report, the Group mainly relied on its internally generated funds from business operations and deposits balance to finance its working capital. The Group reported net operating cash outflow for FY2022, FY2023 and HY2024 of approximately RMB37.8 million, RMB38.2 million and RMB55.7 million respectively. The Group had no cash flows from financing activities for FY2022, FY2023 and HY2024 and no borrowings as at 31 December 2023 and 30 June 2024.

(b) The Vendor

The Vendor is a wholly-owned subsidiary of the Company and is principally engaged in outdoor advertising business.

(c) The Possible Connected Purchaser

The Possible Connected Purchaser is a subsidiary of Capital Group, the de facto controller of the Company (but not being any member of the Group), and its ultimate actual controller is Beijing SASAC.

2. Information of Target Property

The Target Property is located on the 15th floor of Block C, Grand Place, No. 5 Huizhong Road, Chaoyang District, Beijing, the PRC with a gross floor area of approximately 1,033.26 sq.m. and a site area of approximately 3,829.67 sq.m.

The Target Property is held under granted land-use rights until 9 December 2046 for comprehensive (office) uses. For details, please refer to the Property Valuation Report in Appendix II to this Circular.

The Target Property was wholly leased with an expiry on 31 July 2027. As disclosed in the Letter from the Board, in the event of the disposal of the Target Property during the lease period, the above lease shall not be affected. In case of any early termination of the lease by the Vendor, the lessee shall agree, on condition that the Vendor should give a three-months' notice to the lessee and compensate the lessee with two-months' rent, and if the Vendor fails to give a three-months' notice to the lessee, the compensation paid to the lessee shall be three months' rent.

As disclosed in the Letter from the Board, the audited financial information of the Target Property for FY2022 and FY2023 is set out below:

	FY2022	**FY2023**
	RMB	*RMB*
Total rental income *(Note 1)*	1,427,249.63	1,902,999.47
Total profits before tax *(Note 2)*	1,146,514.90	1,622,264.85
Total profits after tax *(Note 3)*	1,036,084.51	1,497,250.45

Notes:

1. The total rental income of the Target Property for the year ended 31 December 2022 refers to that from 1 April 2022, being the commencement date of the lease.

2. The total profits before tax of the Target Property equals to the total rental income for each year minus the relevant property management fees of the Target Property.

3. The total profits after tax of the Target Property equals to the total profits before tax minus the total amount of the real estate tax and land tax.

3. Reasons for and benefits of Possible Major and Connected Transaction in relation to the Proposed Disposal

As disclosed in the Letter from the Board, the Target Property is a non-core asset of the Group and the Proposed Disposal will enable the Group to realise its investment in the Target Property and use the net proceeds as general working capital of the Group. The Proposed Disposal is conducive to the revitalisation of the inventory of assets, accelerating the liquidation and disposal of inefficient assets, optimising the Group's asset allocation, reducing the project management and investment costs, and facilitating the Group's focusing of resources on its principal business, improving quality and efficiency, facilitating the Group's in-depth business restructuring and promoting the healthy development of the Group's operations.

The net proceeds from the Proposed Disposal are estimated to be approximately RMB17.55 million, after deduction of relevant expenses and taxes. The net proceeds from the Proposed Disposal are intended to be used to supplement the general working capital of the Group and for the development of its principal business.

As disclosed in section headed "1. Background Information of the Parties Involved" in this letter, the Group recorded net losses for the last two financial years ended 31 December 2023 and for HY2024. In addition, the Group reported negative operative cash flows for the last two financial years ended 31 December 2023 and for HY2024 and the Group mainly relies on its internal generated funds to finance its working capital.

Having considered the above, we concur with the view of the Directors that the Proposed Disposal of the Target Property (i.e. non-core assets) can strengthen the Group's financial position and accommodate the working capital needs of Group for the benefits of the Group's business development. In addition, based on our discussion with the Management, our review of the information about Public Tender and as disclosed in the Letter from the Board, the Possible Connected Purchaser will comply with the rules of CBEX (including the initial bidding price and the payment arrangements) in participating in the Public Tender, we concur with the view of the Board that although the Possible Major and Connected Transaction in relation to the Proposed Disposal does not fall within the ordinary and usual course of business of the Group, the Possible Major and Connected Transaction in relation to the Proposed Disposal is in the interests of the Company and the Independent Shareholders as a whole.

4. The Proposed Disposal

(i) Public Tender

As disclosed in the Letter from the Board, the Company intends to dispose of the Target Property held by the Vendor. Since the Company is a state-owned enterprise, the Target Property constitutes state-owned assets and the disposal of the Target Property is required to undergo the process of Public Tender through an equity exchange in accordance with the relevant PRC laws and regulations on the disposal of state-owned assets. Therefore, the Proposed Disposal will be carried out through CBEX by the way of Public Tender. The tender notice was submitted to CBEX on 27 November 2024, and thereafter the Public Tender commenced. The Publication Period will start on 28 November 2024 and end on 25 December 2024.

Initial Bidding Price and Final Consideration

The initial bidding price for the Proposed Disposal through the Public Tender is RMB20.7065 million, determined after having taken into account, among others, the valuation of the Target Property. According to the Property Valuation Report prepared by the Independent Property Valuer, the market value of the Target Property as at the valuation date (i.e. 30 September 2024) was RMB20.7065 million. The final consideration for the Proposed Disposal shall be the winning bidding price in the Public Tender, and in any event not less than the initial bidding price of the aforesaid Target Property.

Please refer to the Letter from the Board for further information on the timetable of the Public Tender and payment of consideration for the purchase of Target Property through Public Tender, in accordance with the requirements of CBEX.

(ii) Possible Major and Connected Transaction

On 27 November 2024, the Possible Connected Purchaser (a subsidiary of Capital Group), has indicated to the Vendor its intention to participate in the bidding process of the Public Tender for the Proposed Disposal, subject to the consideration and approval of the board of directors of the Possible Connected Purchaser. Subject to the fulfilment of the conditions precedent, the Vendor will enter into the Asset Transfer Agreement with Possible Connected Purchaser, pursuant to which the Vendor will dispose of the Target Property to Possible Connected Purchaser for a final consideration which will be subject to the winning bidding price of the Possible Connected Purchaser, which shall in any event not be less than the initial bidding price of RMB20.7065 million for the Public Tender, and will be paid in accordance with the requirements of CBEX.

Condition Precedent to the Possible Major and Connected Transaction

As disclosed in the Letter from the Board, completion of the Possible Major and Connected Transaction is conditional upon, among others, compliance with the Independent Shareholders' approval requirements by the Company in respect of the Possible Major and Connected Transaction in relation to the Proposed Disposal pursuant to the Listing Rules. Please refer to the "Letter from the Board" set out in the Circular for further details.

5. Valuation of the Target Property

United Assets & Real Estate Appraisal Co., Ltd. (the "**Valuer**") has been engaged by the Company to conduct a valuation (the "**Valuation**") of the market value of the Target Property as at 30 September 2024. According to the Property Valuation Report, the market value of the Target Property as at the valuation date (i.e. 30 September 2024, the "**Valuation Date**") concluded by the Valuer was RMB20.7065 million.

Competence of the Valuer

We have reviewed and enquired the qualification and experience of the Valuer. We have (i) reviewed the terms of engagement of the Valuer with the Company (including their scope of work); (ii) conducted a phone interview to understand the qualification of the Valuer including its previous experience in conducting property valuation, as well as the valuation methodology adopted for the Valuation; (iii) enquired whether the Valuer is independent of the Company, the Possible Connected Purchaser and their respective associates. From the mandate letter and other relevant information provided by the Valuer and based on our interview with them, we were satisfied with the terms of engagement of the Valuer as well as their qualification for preparation of the Property Valuation Report. The Valuer also confirmed that they are independent of the Company, the Possible Connected Purchaser and their respective associates.

Valuation methodologies

Based on the Property Valuation Report, the market value of the Target Property as at 30 September 2024 assessed by the Valuer by market approach was RMB20.7065 million.

We have reviewed the Property Valuation Report and discussed with the Valuer in relation to the methodologies adopted for and the basis and assumption used in arriving the market value of the Target Property. In the course of our discussion with the Valuer, we noted that the Valuer used market approach with reference to comparable sales transactions as available in the relevant market. The market approach is commonly used where reliable market evidence exists.

We have reviewed the list of comparables of market transactions and noted that the selection of comparables was based on the following criteria: (i) the comparables are recent transactions (within six months from the Valuation Date); (ii) the comparables are located in the immediate locality of the Target Property; and (iii) the comparables have similar view as the Target Property.

We have discussed the above criteria with the Valuer and found them fair and reasonable as the comparables are similar to the Target Property in terms of location, size and recent market activity. The unit rates of the adopted comparables range from RMB19,400 to RMB21,340 per sq.m. The unit rate of the Target Property determined by the Valuer is RMB20,040 per sq.m. which is within the range of the comparables' saleable area unit rate. As disclosed in the Property Valuation Report, the Valuer made certain adjustments when adopting these comparables for the market value of the Target Property, taking into account the date of transaction, building age, floor level, size, view, and property rights status of the comparables. We have discussed with the Valuer about the rationale and methodology for the adjustments as set out in the Property Valuation Report and we note that downward adjustments would be made to the unit rate of the comparables if it is superior to the Target Property in terms of the aforesaid attributes and vice versa.

We understand from the Valuer that such adjustment factors were commonly adopted for valuation of properties and the Valuer has used their professional judgement and experience in valuing similar properties to assign different weightings to the factors when applying adjustments and found that the adjustments are in line with the market practice based on our review of recent market transactions published on the website of Hong Kong Stock Exchange within two months before the Latest Practicable Date.

Through our discussion with the Valuer, we noted that data and information about the comparable properties were obtained from online research and field investigation conducted by the Valuer. Accordingly, we are of the view that the selection of the comparables used in the Valuation of the Target Property is fair and reasonable.

Details of the assumptions made by the Valuer for the Property Valuation Report on the Target Property are set out in the Appendix II to the Circular. We have discussed with the Management and the Valuer, and reviewed the key assumptions made and nothing has come to our attention that would lead us to doubt the fairness and reasonableness of the principal bases and assumptions adopted in the valuing the Target Property.

Our opinion

We consider we have made adequate assessment on the Valuation in respect to the Property Valuation Report and we are in the opinion that valuation methodologies the basis and assumptions adopted by the Valuer are in line with market practice and fair and reasonable.

Having considered that (i) the initial bidding price was determined with reference to the appraised value of the Target Property as at the Valuation Date; (ii) the final consideration shall be the winning bidding price in the Public Tender and in any event not less than the initial bidding price, we are of the view that the consideration of the Proposed Disposal is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

6. Possible financial effects of the Proposed Disposal

Following completion of the Proposed Disposal, as confirmed by ShineWing Certified Public Accountants (Special General Partnership), the auditor of the Company, the Company is expected to report an unaudited after-tax gain of approximately RMB15.1977 million from the Proposed Disposal. As disclosed in the Letter from the Board, the gain is equal to the difference between the initial bidding price (being the lowest transaction consideration) of RMB20.7065 million minus related taxes and fees totaling RMB2.1755 million, the balance of Target Property (as investment property) of RMB19.3323 million as at the disposing date and balances of other comprehensive income and deferred income tax liabilities totaling RMB–15.9990 million. Further details of the calculation were set out in the section headed "4. Financial Effect of the Proposed Disposal" in the Letter from the Board.

However, Shareholders should note that the actual gain or loss on the Proposed Disposal is subject to audit.

As set out in the 2024 Interim Report, the bank balances and cash of the Group as at 30 June 2024 amounted to approximately RMB63.7 million. Given that the consideration of the Proposed Disposal will be settled in cash, it is expected that there will be a positive impact on the cashflow of the Group arising from the Proposed Disposal and the bank balances and cash would increase.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon the completion of the Proposed Disposal.

RECOMMENDATION

Having considered the principal factors and reasons above, we are of the view that even though the Possible Major and Connected Transaction in relation to the Proposed Disposal is not in the ordinary and usual course of business of the Group, the terms of the

Possible Major and Connected Transaction in relation to the Proposed Disposal are on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole. Accordingly, we recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) at the EGM to approve the Possible Major and Connected Transaction in relation to the Proposed Disposal.

Yours faithfully,
For and on behalf of
BaoQiao Partners Capital Limited
Irene Poon
Executive Director

Ms. Irene Poon is a responsible officer registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for BaoQiao Partners Capital Limited and has over 20 years of experience in the accounting and corporate financial services industry.

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the years ended 31 December 2021, 2022 and 2023 are disclosed on pages 74 to 170 of the Company's annual report for 2021, pages 77 to 174 of the annual report for 2022 and pages 77 to 185 of the annual report for 2023 respectively. The unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2024 are disclosed on pages 24 to 113 of the Company's interim report for 2024, 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).

2. INDEBTEDNESS STATEMENT

Bank Loans and Other Borrowings

As at the close of business on 31 October 2024 (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 2024 (being the latest practicable date for determining the indebtedness of the Group), the Group had the following unsecured and/or secured lease commitments arising from operating leases:

Operating Lease Commitment — Properties

As at the close of business on 31 October 2024 (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	1,638
1–2 years	411
Total	2,049

External Guarantees and Contingent Liabilities

As at the close of business on 31 October 2024 (being the latest practicable date for determining the indebtedness of the Group), the Group had no external guarantees and no material contingent liabilities. Save as disclosed above, as at the close of business on 31 October 2024 (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 2024.

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 2023, 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 2024, the Group will (i) anchor on the strategy of "Advance, Retreat, Conserve and Trial" and focusing on business transformation, enhance resource integration and allocation, comprehensively optimise the revenue structure and cultivate new momentum for corporate growth; (ii) actively promote the layout of outdoor advertising, build a diversified matrix of advertising products, explore to integrate technology and business innovation, and enhance its own capabilities in order to meet the diversified needs of its customers and to gain more market share while consolidating its strengths in traditional advertising business; (iii) continue to play the functions of the market-oriented expansion platform for the cultural and sports industry of the Capital Group and the integration and cultivation platform for the high-quality business of Beiqing Newspaper, and build a composite industrial chain through resource synergy and hosting integration by leveraging on the platform advantages of a listed company. This includes innovating its own cycling IP operation and maintenance and activity planning to empower its brands; exploring new modes of operation of community cultural spaces by leveraging the content advantages of community media; striking roots into the youth study channels, strengthening product research and development, and building a special study brand of a state-owned enterprise; and expanding the resources in the fields of cultural innovation as well as science and technology, seeking opportunities for industrial cooperation, and carrying out capital operation in due course; (iv) comprehensively strengthen corporate governance, focus on the construction of the three major systems of policy, organisation and talent, improve internal control and risk management system, accelerate the clearance of inefficient assets, and construct new potential energy for corporate development by enhancing quality and efficiency; and (v) based on consolidating 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 determine to become a leading media conglomerate with cross-media market expansion capabilities in China.

6. EFFECT OF THE DISPOSAL ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

The Directors estimate that the Group will record a surplus of RMB15,198 thousand in respect of the transaction under the disposal of the Target Property, and it is estimated that the total assets of the Group will increase by RMB1,374 thousand, the total liabilities of the Group will decrease by RMB282 thousand and the net assets of the Group will increase by RMB1,656 thousand. The Group expects that the transaction will have a positive impact 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 2023 and the interim half-year ended 30 June 2024 is set out below:

(1) For the financial year ended 31 December 2023

Group Business Review

The Group is principally engaged in three core businesses: (1) advertising business, which comprises the sales of convergence media advertising, event planning, and provision of comprehensive services; (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.

The year 2023 marks a post-pandemic recovery period for Chinese economy, where long-term fundamentals were stable and picking up, and the pulling effect of domestic demand continued to strengthen. From the market perspective, the consumption demand for advertising was also gradually released, and the advertising industry was recovering with both opportunities and challenges along with new changes in the industry due to the development of science and technology.

The Group's total operating income for 2023 was RMB200,784 thousand (2022: RMB158,397 thousand), representing an increase of 26.76% as compared with the corresponding period in 2022. The increase in total operating income was mainly attributable to (1) the fact that Beiqing Community Media, a subsidiary of the Company, achieved an operating income of RMB55,441 thousand (2022: RMB28,782 thousand) in 2023, representing an increase of 92.62% as compared with the corresponding period in 2022 through the expansion of its convergence media publicity and comprehensive services business; (2) Beiqing Innovation Cultural, a subsidiary of the Company, taking the opportunity from market recovery after the COVID-19 pandemic, steadily promoted the youth study business, and recorded an operating income of RMB20,826 thousand (2022: RMB3,850 thousand), representing an increase of 440.94% as compared with the corresponding period in 2022.

Operating costs of the Group for 2023 were RMB171,661 thousand (2022: RMB150,916 thousand), representing an increase of 13.75% as compared with those for the corresponding period of 2022. Net loss attributable to shareholders of the Company for 2023 was RMB15,320 thousand (2022: net loss attributable to shareholders of the Company of RMB23,500 thousand), representing a decrease of 34.81% in loss as compared with those for the corresponding period of 2022. The Group continued to achieve loss reduction thanks to: (1) an increase in total operating income of RMB42,387 thousand; (2) the effective utilisation of idle funds by the Company, which achieved a gain on the changes in fair value of RMB8,895 thousand through the asset management business of the single asset management scheme; (3) turnaround from loss to profit of Beiqing Community Media, a subsidiary of the Company, whose net profit in 2023 was RMB4,060 thousand.

Financial Resources and Liquidity

As at 31 December 2023, current assets of the Group was RMB305,244 thousand (31 December 2022: RMB310,393 thousand), including bank balances and cash of RMB76,285 thousand (31 December 2022: RMB82,948 thousand) and non-current assets of the Group was RMB406,367 thousand (31 December 2022: RMB394,716 thousand).

As at 31 December 2023, current liabilities of the Group was RMB72,007 thousand (31 December 2022: RMB73,547 thousand); and non-current liabilities was RMB4,630 thousand (31 December 2022: RMB3,901 thousand).

As at 31 December 2023, Shareholders' equity of the Group was RMB634,974 thousand (31 December 2022: RMB627,661 thousand).

Gearing Ratio

As at 31 December 2023, gearing ratio of the Group was 12.07% (31 December 2022: 12.34%) (which is calculated by dividing the Group's total liabilities by its total equity).

Bank Borrowings, Overdrafts and Other Borrowings

As at 31 December 2023, bank loans, overdrafts and other borrowings of the Group was Nil (31 December 2022: Nil). Most of the cash and cash equivalent held by the Group was denominated in Renminbi.

Financing Cost

Financing cost of the Group for 2023 was RMB170 thousand (2022: RMB5 thousand).

Capital Expenditure

Capital expenditure of the Group for 2023 was RMB1,962 thousand (2022: RMB930 thousand). Capital expenditure of the Group for 2023 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 2023, the Group did not have any contingent liabilities or any pledge of assets.

Material Investments

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, pursuant to which, the Company entrusted Capital Securities to provide asset management and investment services, with a term of one year from the date of approval by the independent shareholders at the Annual General Meeting (i.e. 17 June 2022). The above single asset management scheme has been approved by the shareholders of the Company to make certain optimization adjustments and extend the term for another three years to 16 June 2026.

As at 31 December 2023, the Company's investments in the above asset management 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 2023	Proportion of total assets
				(%)	*(RMB'000)*	*(%)*
Beiyang Publishing & Media Co., Ltd.	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	242,369	34.06
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	37,120	5.22

(2) Major financial information of significant investees:

Company name	Net profit attributable to owners of the parent company for the year ended 31 December 2023	Accumulated undistributed profits as at 31 December 2023	Dividend received for the year ended 31 December 2023
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Beiyang Publishing & Media Co., Ltd.	—	—	—
Beijing Keyin Media Culture Co., Ltd.	7,786	171,798	729

(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's investment in Beiyang Media is mainly based on: 1) Beiyang Media's good operating condition; and 2) its capital operation plan, such as its share reform and listing, in order to obtain a better investment return. Upon the Company's investment, Beiyang Media has been operating well in recent years and has been profitable, and has achieved steady growth in assets and revenue. The Group is optimistic about the future operation of Beiyang Media and is prepared to continue to hold it 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's investment in Keyin Media is mainly based on its good operating conditions and listing plans. Upon the Company's investment, Keyin Media has been operating well in recent years and has been profitable. The Group is optimistic about the future operation of Keyin Media and is prepared to continue to hold it for a long term.

Save as disclosed above, as of 31 December 2023, the Group had no material investments or any plan related to material investment or acquisition of assets.

Material Acquisition and Disposal of Assets

On 11 December 2023, the Company entered into the exclusive concession rights agreements with Beijing MTR and its wholly owned subsidiary, Beijing MTR17, 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 and the northern section of Beijing Metro Line 17, for a period of two years commencing from 1 January 2024 and ending on 31 December 2025. In terms of the above arrangements, the Company shall pay concession fees to Beijing MTR and Beijing MTR17 on the basis of "guarantee fees + extra revenue commission fees"; among which, for the guarantee fees, the guaranteed fees 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 RMB18,630 thousand, RMB4,700 thousand and RMB3,670 thousand, respectively, with an annual increment of 2%; and extra revenue commission fees will be calculated based on the actual advertising revenue and on a stepwise basis according to the relevant formula. The above transaction enables the Group to enrich its outdoor advertising business, take advantage of its main business of convergence media advertising sales and the major advertising resources of the relevant metro lines, so as to increase its operating income and generate better returns to Shareholders. For details of the above transaction which constitutes connected transaction and major transaction of the Company under the Listing Rules, please refer to the announcement dated 11 December 2023 and circular dated 14 December 2023 of the Company.

Save as disclosed above, during the year ended 31 December 2023, 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 United States dollars and Hong Kong dollars). 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

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 2023, the Group had a total of 346 staff members (31 December 2022: a total of 329) including 224 female staff members and 122 male staff members, accounting for 64.7% and 35.3% of the total staff members, respectively. The increase in the number of the staff as compared with 2022 was mainly due to the reasonable increase of the normal business needs of 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. In 2023, the Group's employee remuneration amounted to approximately RMB67,396 thousand in total. The staff remuneration and benefits of the Group are both determined by reference to market rates, national policies and individual performance. The Group actively encouraged the self-development of the employees, and carried out abundant staff training activities. In 2023, the Group carried out staff training in respect of management capacity of middle-level cadre, listing compliance, new media business, video shooting technology and new employee induction, etc., to enhance the overall quality of staff from management, business and compliance perspectives.

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 authorised by the general meeting of the Company. The remuneration of Supervisors of the Company shall be approved by the general meeting of the Company. The remuneration policy of the Company is determined and realised according to the duties of the Directors, Supervisors and senior management and the Company's operating performance.

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

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

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

(2) 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 thousand (2021: RMB187,552 thousand), 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, Beiqing Community Media, a subsidiary of the Company, recorded a decrease in operating revenue by RMB17,297 thousand 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 thousand 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 thousand, 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 RMB810 thousand, 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 thousand (31 December 2021: RMB335,041 thousand), including bank balances and cash of RMB82,948 thousand (31 December 2021: RMB264,322 thousand) and non-current assets of the Group was RMB394,716 thousand (31 December 2021: RMB392,519 thousand).

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

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

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 RMB930 thousand (2021: RMB719 thousand). Capital expenditures of the Group for 2022 mainly comprises office equipment and intangible assets expenditures, which are consistent with business strategies.

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 RMB200,000 thousand. For details of the above transaction, please refer to the announcement of the Company dated 19 April 2022 and the circular of the Company dated 26 May 2022.

As at 31 December 2022, the Company's investments in Beiyang Publishing &Media Co., Ltd. and Beijing Keyin Media Culture Co., Ltd. accounted for approximately 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	Proportion of total assets
				(%)	*(RMB'000)*	*(%)*
Beiyang Publishing &Media Co., Ltd.	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	222,256	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	35,874	5.09

(2) Major financial information of significant investees:

Company name	Net profit attributable to owners of the parent company for the year ended 31 December 2022	Accumulated undistributed profits as at 31 December 2022	Dividend received for the year ended 31 December 2022
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Beiyang Publishing & Media Co., Ltd.	—	—	—
Beijing Keyin Media Culture Co., Ltd.	2,458	164,014	11,160

(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 Hong Kong dollars). 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 thousand in total. The staff remuneration and benefits of the Group are both determined by reference to market rates, national policies and individual performance. The Group actively encouraged the self-development of the employees, and carried out abundant staff training activities. In 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.

(3) For the financial year ended 31 December 2021

Group Business Review

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

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

Financial Resources and Liquidity

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

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

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

Gearing Ratio

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

Bank Borrowings, Overdrafts and Other Borrowings

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

Financing Cost

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

Capital Expenditure

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

Contingent Liabilities and Pledge of Assets

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

Material Investments

As at 31 December 2021, the Company's investments in Beiyang Media, Keyin Media accounted for approximately 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**	**Proportion of total assets**
				(%)	*(RMB'000)*	*(%)*
Beiyang Media	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	194,901	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	46,665	6.41

(2) Major financial information of significant investees:

Company name	**Net profit attributable to owners of the Company for the year ended 31 December 2021**	**Accumulated undistributed profits as at 31 December 2021**	**Dividend received for the year ended 31 December 2021**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Beiyang Media	—	—	7,671
Keyin Media	3,469	231,195	—

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

Remuneration Policy

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

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

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

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

(4) For the half-year ended 30 June 2024

Group Business Review

The Group is principally engaged in three core businesses: (1) advertising business, which comprises the sales of convergence media advertising, event planning, and provision of comprehensive services; (2) printing, whose revenue is generated from printing publications undertaken by BYD Logistics Company Limited ("**BYD Logistics**"); and (3) trading of printing-related materials, which involves the supply and trading of, among other things, newsprint, ink, lubricants, films, presensitized plate and rubber sheets to customers including commercial printers.

In the First Half of 2024, the total operating revenue of the Group was RMB91,732 thousand, representing an increase of 13.72% as compared with that for the corresponding period of 2023 (first half of 2023: RMB80,666 thousand).

The Group achieved growth in total operating revenue, mainly thanks to: (1) the Company's proactive expansion of its outdoor advertising channels, with new outdoor advertising revenue of RMB11,978 thousand in the First Half of 2024; (2) Beijing Beiqing Innovation Cultural Industry Development Co., Ltd., ("**Beiqing Innovation Cultural**"), a subsidiary of the Company, seizing the opportunity of market recovery to steadily promote the youth student travel business, and achieving an operating revenue of RMB11,602 thousand in the First Half of 2024, representing an increase of 678.66% as compared with the corresponding period in 2023 (first half of 2023: RMB1,490 thousand).

In the First Half of 2024, the Group also proactively enhanced its operational and management efficiency, increased investment income and effectively reduced sales and finance expense. Among which, the Company effectively utilized idle funds to realise a gain of RMB5,744 thousand from the changes in fair value through the asset management business of the single asset management scheme.

In the First Half of 2024, the Group's operating cost was RMB86,885 thousand, representing an increase of 26.56% as compared with the corresponding period of 2023 (first half of 2023: RMB68,649 thousand). In the First Half of 2024, net loss attributable to shareholders of the Company was RMB8,227 thousand, representing an increase of 98% as compared with the corresponding period of 2023 (net loss attributable to shareholders of the Company for the first half of 2023: RMB4,155 thousand). The increase in net loss was mainly due to the increase in operating costs by RMB18,236 thousand, which was attributable to the newly developed outdoor advertising resources of the Company on the metros and the increase in costs for the expansion of the student travel business of our subsidiary, Beiqing Innovation Cultural. The traditional weak season for sales of outdoor advertisements on the metros in the first half of the year and the delay in the commencement of the operation of Wangjing West Station of the northern section of Beijing Metro Line 17 resulted in the loss of overall patronage and core business value of the line, which had certain impact on the overall advertising sales of the line. The Company is actively negotiating with Beijing MTR Corporation Limited* to arrive at a general solution such as reduction on guaranteed operating rights fee, metro media remodeling and resource replacement, with a view to reducing costs or increasing revenue.

Financial Resources and Liquidity

For the six months ended 30 June 2024, the Group's funds were mainly derived from the fund generated from operating business and deposits balance. The Group's funds were mainly used as the working capital and general recurrent expenses of the Group.

As at 30 June 2024, current assets of the Group were RMB294,284 thousand (31 December 2023: RMB305,244 thousand), including bank balances and cash of RMB63,740 thousand (31 December 2023: RMB76,285 thousand). Non-current assets of the Group were RMB403,764 thousand (31 December 2023: RMB406,367 thousand).

As at 30 June 2024, current liabilities of the Group were RMB69,507 thousand (31 December 2023: RMB72,007 thousand) and non-current liabilities were RMB3,536 thousand (31 December 2023: RMB4,630 thousand).

As at 30 June 2024, shareholders' equity of the Group was RMB625,005 thousand (31 December 2023: RMB634,974 thousand).

Gearing Ratio

As at 30 June 2024, gearing ratio of the Group was 11.69% (31 December 2023: 12.07%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

Bank Borrowings, Overdrafts and Other Borrowings

As at 30 June 2024, bank loans, overdrafts and other borrowings of the Group were Nil (31 December 2023: Nil). Most of cash and cash equivalent held by the Group was denominated in Renminbi.

Capital Expenditure

Capital expenditure of the Group for the First Half of 2024 was RMB602 thousand (corresponding period of 2023: RMB1,166 thousand). The Group expects that its capital expenditure for the second half of 2024 will be mainly comprised of office equipment and intangible assets expenditures, which are consistent with business strategies.

Contingent Liabilities and Pledge of Assets

As at 30 June 2024, the Group did not have any contingent liabilities or any pledge of assets.

Material Investments

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, pursuant to which, the Company entrusted Capital Securities to provide asset management and investment services, with a term of one year from the date of approval by the Independent Shareholders at the Annual General Meeting (i.e. 17 June 2022). The above single asset management scheme has been approved by the shareholders of the Company to make certain optimization adjustments and extend the term for another three years to 16 June 2026.

As at 30 June 2024, the Company's investments in the above asset management accounted for more than 5% of the Group's total assets. 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 30 June 2024	Proportion of total assets
				(%)	*(RMB'000)*	*(%)*
Beiyang Publishing & Media Co., Ltd.	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	242,369	34.72
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	37,120	5.32

(2) 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's investment in Beiyang Media is mainly based on: 1) Beiyang Media's good operating condition; and 2) its capital operation plan, such as its share reform and listing, in order to obtain a better investment return. Upon the Company's investment, Beiyang Media has been operating well in recent years and has been profitable, and has achieved steady growth in assets and revenue. The Group is optimistic about the future operation of Beiyang Media and is prepared to continue to hold it 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's investment in Keyin Media is mainly based on its good operating conditions and listing plans. Upon the Company's investment, Keyin Media has been operating well in recent years and has been profitable. The Group is optimistic about the future operation of Keyin Media and is prepared to continue to hold it for a long term.

Save as disclosed above, as at 30 June 2024, 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.

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 United States dollars and Hong Kong dollars). 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.

Employees

As at 30 June 2024, the Group had a total of 310 employees (as at 30 June 2023: a total of 329 employees), and the decrease in the number of employees as compared with the corresponding period of last year was mainly due to the reasonable decrease of the normal business adjustments of some subsidiaries of the Company. During the six months ended 30 June 2024, the total employees remuneration paid by the Group was approximately RMB36,590 thousand. The remuneration and benefits of the employees of the Group are determined in accordance with market rates, state policies and individual performance. The Group actively encouraged the self-development of the employees and carried out abundant staff training activities. In the First Half of 2024, the Group carried out staff trainings in respect of the responsibility of Directors, Supervisors and senior management, corporate governance, financial management, connected transactions and compliance management, outdoor advertising business and operation, information technology and office applications and new employee orientation, etc.

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from United Assets & Real Estate Appraisal Co., Ltd., an Independent Property Valuer, in connection with its valuation as at 30 September 2024 of the Target Property.

聯合中和土地房地產資產評估有限公司
United Assets & Real Estate Appraisal Co., Ltd.
11th Floor, Block A, Langqin International
No. 168 Guang'anmen Outer Street, Xicheng District
Beijing, the PRC

22 November 2024

The Board of Directors
北青傳媒股份有限公司
Beijing Media Corporation Limited
No. 23 Baijiazhuang Dongli, Chaoyang District
Beijing, the PRC

Dear Sirs/Madams,

INSTRUCTIONS AND VALUATION DATE

In accordance with the instructions of Beijing Media Corporation Limited (北青傳媒股份有限公司, the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") for us to carry out the valuation of the property interests (the "**Properties**") located in the People's Republic of China ("**the PRC**") held by the Group, we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 30 September 2024 (the "**Valuation Date**").

BASIS OF VALUATION AND VALUATION STANDARDS

Our valuation is carried out on a market value basis, which is defined by the Royal Institution of Chartered Surveyors 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 valuing the Properties, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), the RICS Valuation — Global Standards 2022 published by the Royal Institution of Chartered Surveyors ("**RICS**") and the International Valuation Standards published by the International Valuation Standards Council.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the Properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

As the property interests are held under long term land use rights, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the land use rights.

VALUATION METHODOLOGY

The property interests have been valued by market approach, which is generally by comparing recent market evidence of similar properties located in the neighborhood area of the subject property. Adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time, age, quality and any other relevant factors when comparing such sales against the subject property. This approach is commonly used to value properties where reliable market evidence is available.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the Properties in the PRC. Where possible, we have examined the original documents to verify the existing title to the Properties in the PRC and any material encumbrance that might be attached to the Properties or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

We have relied on the advice given by the PRC legal adviser of the Group, East & Concord Partners, regarding the titles of the property interests in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter and the valuation certificate are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter and the valuation certificate.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the subject Properties. The site inspection was carried out on 22 October 2024 by Meng ZHANG (RICS Registered Valuer, CIREA). In the course of our inspection, we did not note any serious defects. However, we have not conducted structural surveys to ascertain whether the properties are free of rot, infestation, or any other structural defects. Additionally, no tests have been carried out on any of the utility services.

Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of the documents handed to us are correct.

SOURCE OF INFORMATION

We have relied to a considerable extent on information provided by the Group and the legal adviser, in respect of the titles of the property interests in the PRC. We have also accepted advice given to us on matters such as identification of the property, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of information provided to us by the Group which is material to the valuation.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuations are summarized below and the valuation certificates are attached.

Yours Faithfully,
For and on behalf of
聯合中和土地房地產資產評估有限公司
United Assets & Real Estate Appraisal Co., Ltd.
Dr. Xiang Li
DBA MRICS AAIA HKICPA
RICS Registered Valuer
Managing Partner

Note: Dr. Xiang Li is a member of the Royal Institution of Chartered Surveyors and a Registered Valuer of the RICS. He is suitably qualified to carry out the valuation and has over 20 years' experience in valuation of properties and intangible assets of this magnitude and nature in the subject region.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of Occupancy	Market value in existing state as at 30 September 2024
A parcel of land and 6 properties located on the 15th floor of Block C, Grand Place, No.5 Huizhong Road, Chaoyang District, Beijing, the PRC.	The Property comprises 6 properties. As per the Real Estate Title Certificate, the property has a floor area of approximately 1,033.26 sq.m. and has an allocate site area of approximately 3,829.67 sq.m. The property was completed in 2000. The land use right granted to this property will expire on December 9, 2046 for comprehensive (office) uses.	On the Valuation Date, the property was wholly leased at a total monthly rent of RMB181,500 with the latest expiry in July 31, 2027. The rent includes tax, property management fees, and does not include water, electricity, communication, and other expenses.	RMB20,706,500

Notes:

1. Pursuant to a Real Estate Title Certificate, Jing (2016) Chao Yang Qu Bu Dong Chan Quan Di No. 0075665 issued by Beijing District Bureau of Planning and Natural Resources, the land use rights of the property with an allocate site area of 3,829.67 sq.m. and the building ownership rights of the property with a floor area of 1,033.26 sq.m. were vested in Beijing Beiqing Outdoor Advertisement Co., Ltd. (北京北青戶外廣告有限公司), which is a wholly-owned subsidiary of Beijing Media Corporation Limited. The land use rights of the property were granted for a term expiring on 9 December 2046 for comprehensive (office) uses.

2. The general description and market information of the property are summarized below:

Location	The property is located on the 15th floor of Block C, Grand Place, No. 5 Huizhong Road, Chaoyang District, Beijing, the PRC.
Transportation	There are subway and bus stations within a 1km radius, and the road network can reach the city center, commercial centers, airports, train stations, etc. The road network is a two-way two lane or more road network.
Nature of Surrounding Area	The surrounding area is mainly composed of Grade A and above office buildings.

3. We have been provided with a legal opinion regarding the property by East & Concord Partners, which contains, *inter alia*, the following:

   a. Beijing Beiqing Outdoor Advertisement Co., Ltd. has obtained the state-owned land use rights and building ownership rights of the property in accordance with laws;

b. The state-owned land use rights and building ownership rights of the property is not subject to mortgage, pledge, seizure, lien or other restrictions of rights;

c. Beijing Beiqing Outdoor Advertisement Co., Ltd. can legally use, occupy, transfer, let, mortgage or by other ways to handle in accordance with laws the state-owned land use rights and building ownership rights of the property; and

d. According to the Notice Letter provided by the Group, in accordance with the lease agreement, the Group has sent a notice letter to the lessee Jingying Tea Industry Co., Ltd. ("**Jingying Tea Industry**") in advance, notifying it of the proposed transfer of the Property and requesting it to reply in writing, clearly stating the exercise/waive of the right of pre-emption. According to the information provided by the Group, Jingying Tea Industry replied on November 22, 2024, stating that it would waive the right of pre-emption for the Property.

4. In undertaking our valuation of the Property, we have considered the sales of properties in the vicinity. The comparables are primarily selected based on the following criteria:

a. the comparables are recent transactions (within six months from the valuation date);

b. the comparables are located in the immediate locality of the Property; and

c. the comparables have similar view as the Property.

The details of the selected comparables which are representative based on the aforesaid selection criteria are tabulated below with relevant adjustments:

Property	**Comparable 1 12th Floor, Block B, Grand Place**	**Comparable 2 2nd Floor, Block B, Grand Place**	**Comparable 3 1102, Block C, Grand Place**
Year of Completion	2000	2000	2000
Date of Transaction	September 2024	September 2024	September 2024
Listing Unit Rate *(RMB yuan/sq.m.) (Floor Area)*	20,000	20,000	22,000
Expected Unit Rate *(RMB yuan/sq.m.) (Floor Area)*	19,400	19,400	21,340
		Adjustment	
Date of Transaction		0%	
Building Age		0%	
Floor Level		0% to 1%	
Size		–6% to 0%	
View		–2% to 4%	
Property Rights Status		0%	
Adjusted Unit Rate *(RMB yuan/sq.m.) (Floor Area)*	**19,596**	**20,404**	**20,132**
Adjusted Average Unit Rate *(RMB yuan/sq.m.) (Floor Area)*		**20,040**	

In our valuation, we have considered and analyzed 3 property sale comparables in the vicinity. The value of the property sale ranges from RMB19,400 to RMB21,340 per sq.m. for comprehensive (office) use. In our valuation, we have considered different attributes between the Property and the comparables in terms of date of transaction, building age, floor level, size, view, and property rights status, and have made adjustments accordingly. In applying adjustments to the comparables, a downward adjustment would be made to the unit rate of the comparables if it is superior to the Property in terms of the aforementioned attributes, and vice versa. Having considered the above adjustments to the comparables, we have arrived a conclusion of an adjusted average unit rate at RMB20,040 per sq.m. and adopted for the valuation of the Property.

The detailed basis for determining the degree of such adjustment is as follows:

Date of transaction: The transaction dates of the comparables are all in September 2024. During the period from the transaction dates to the valuation date, the office real estate market remained stable without significant fluctuations. Therefore, no adjustment would be made.

Building age: The comparables and the Property were all built almost at the same time. No building age adjustment would be made.

Floor Level: For office property, the floor level has a significant impact on its value, which is manifested in the fact that within the same office building, under the same conditions, the higher the floor, the higher the value of the office unit. Generally, there are three levels: high-level, middle-level, and low-level, with high-level being excellent, middle-level being average, and low-level being inferior. Taking the index of the evaluated object as 100, for each level of increase or decrease in the comparables compared to the evaluated object, the index will increase or decrease by 1. Based on the above considerations, the floor level adjustment is 0% to +1%.

Size (Floor Area): Both large and small floor areas can have an impact on the value of office units. Enterprises often choose office spaces of corresponding sizes based on their own scale, so whether the area is too large or too small, there are certain restrictions on the entry of enterprises. The building area can be roughly divided into 4 levels (Small, <200 sq.m.; Medium, 200–500 sq.m.; Large, 500–1,000 sq.m.; Extra Large, >1,000 sq.m.), with a correction range of 3.

View: The view adjustment includes multiple factors such as decoration and renovation, spatial layout, exterior design, indoor lighting, floor height, property management, parking convenience, etc. Taking decoration and renovation as an example, the decoration and renovation grades are divided into five levels: high-end, mid-range, general, simple, and rough. Taking the decoration and renovation grade index of the evaluated object as 100, for each level of increase or decrease between comparable examples and the evaluated object, the index increases or decreases by 1. Based on the above considerations, the view adjustment is –2% to 4%.

Property Rights Status: Percentage adjustment is used for planning conditions, shared ownership, and clear ownership. The establishment of usufructuary rights, the establishment of security rights, leasing or possession, tax arrears, and seizure shall be adjusted by adding or subtracting amounts. The ownership of the Property and the comparables is clear, and other factors are inapplicable. No Property Rights Status adjustment would be made.

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, Ms. Cui Ping and Mr. Wang Hao 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[Note 1]	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 shares	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) 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 2023, 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 2023, 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

Independent Financial Adviser and Independent Property Valuer have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their letters and references to their names in the form and context in which they appear.

The following are the qualifications of experts who have given their opinions or advice which are contained in this circular:

Name	Qualification
BaoQiao Partners Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO
United Assets & Real Estate Appraisal Co., Ltd.* (聯合中和土地房地產資產評估有限公司)	an independent Property Valuer

8. EXPERT'S INTERESTS

As at the Latest Practicable Date, BaoQiao Partners Capital Limited and United Assets & Real Estate Appraisal Co., Ltd.* (聯合中和土地房地產資產評估有限公司) had no 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 2023, 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, had no beneficial shareholding in any member of the Group or 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

Save for the following contracts, no material 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:

1. On 25 April 2023, the Company entered into a single asset management contract for the Capital Securities — Beijing Media Single Asset Management scheme with Capital Securities and Beijing Branch of Bank of Communications Co., Ltd., pursuant to which the Company entrusted Capital Securities to provide asset management and investment services in respect of the entrusted assets, with the maximum daily balance of the entrusted assets not exceeding RMB200,000 thousand.

2. On 11 December 2023, the Company entered into (i) the exclusive concession rights agreement of the Beijing Metro Line 4 and Daxing Line with Beijing MTR Corporation Limited* ("**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; and (ii) the exclusive concession rights agreements of Beijing Metro Line 17 with Beijing Jinggang Line 17 Metro Co., Ltd.* ("**Beijing MTR17**"), a wholly owned subsidiary of Beijing MTR, pursuant to which the Company was granted the exclusive rights to use and operate the major advertising resources in Beijing Metro Line 17 operated by Beijing MTR17. In terms of the above arrangements, the Company shall pay concession fees to Beijing MTR and Beijing MTR17 on the basis of "guarantee fees + extra revenue commission fees"; among which, for the guarantee fees, the guaranteed fees 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 RMB18,630 thousand, RMB4,700 thousand, and RMB3,670 thousand, respectively, with an annual increment of 2%; and extra revenue commission fees will be calculated based on the actual advertising revenue and on a stepwise basis according to the relevant formula.

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 Practicing Accountants of Australia, the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Trustees' Association.

(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 is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at http://www.bjmedia.com.cn for a period of fourteen (14) days from the date of this circular:

(a) the written consents referred to in the section headed "7. EXPERT'S QUALIFICATION AND CONSENT" in this Appendix.

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 Monday, 23 December 2024 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. Terms used in this notice shall have the same meanings as defined in the circular of the Company dated 3 December 2024 unless the context otherwise requires.

As Ordinary Resolutions

1. To consider and, if thought fit, to approve:

   "**THAT**

   a. Beiqing Outdoor, a wholly-owned subsidiary of the Company, dispose the Target Property, at the initial bidding price of not less than RMB20.7065 million through Public Tender;

   b. In the event of a successful bidder in Public Tender, any Director(s) is hereby authorised to execute the Asset Transfer Agreement with the successful bidder and to do all matters relating thereto as may be considered necessary, appropriate or expedient to complete the Proposed Disposal."

2. Conditional upon the passing of Resolution No. 1, to consider and, if thought fit, to approve the Possible Major and Connected Transaction in relation to the Proposed Disposal in the event of the Possible Connected Purchaser being the successful bidder in Public Tender.

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

Beijing, the PRC
3 December 2024

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, Wang Hao, 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.

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 Wednesday, 18 December 2024 shall be entitled to attend the EGM.

Holders of H shares intending to attend and vote at the EGM to be held on Monday, 23 December 2024 shall lodge all the transfer documents for H shares with the relevant share certificates to the H share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Tuesday, 17 December 2024.

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.

(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 of H Shares**

The register of members of H Shares will be closed from Wednesday, 18 December 2024 to Monday, 23 December 2024 (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