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**Asiaray Media Group Limited**  
**雅仕維傳媒集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1993)**

**CONNECTED TRANSACTION**  
**SUBSCRIPTION OF SECOND TRANCHE OF**  
**PERPETUAL SUBORDINATED**  
**CONVERTIBLE SECURITIES**

**ISSUE OF SECOND TRANCHE OF PSCS**

Reference is made to the announcements of the Company dated 7 September 2017 and 10 November 2017 and circular dated 29 November 2017 in relation to the subscription of the PSCS by the Subscriber (being a connected person) in the principal amount of HKD50,000,000 in two tranches at the face value of HKD30,000,000 and HKD20,000,000 respectively. The issuance of the first tranche of the PSCS in the principal amount of HKD30,000,000 was completed on 28 December 2017.

The Company is pleased to announce that, in accordance with the terms and conditions of the Subscription Agreement, the Company propose to call for subscription of the second tranche of the PSCS at the principal amount of HKD20,000,000 by the Subscriber. The call for the Subscriber to subscribe for the second tranche of the PSCS shall be subject to the Independent Shareholders' approval.

Second Completion is conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversions Shares. Application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares converted from the second tranche of the PSCS.

## **CONNECTED TRANSACTION**

The Subscriber is the controlling shareholder of the Company holding 8.68% of the existing issued share capital of the Company, 10,000,000 Shares in non-listed derivatives and conversion rights of 8,474,576 Shares pursuant to the First Completion under the Subscription Agreement. The sole ultimate beneficial owner of the Subscriber is Mr. Lam, who is an executive Director and the controlling shareholder of the Company. The Subscriber is therefore a connected person of the Company and the subscription of the second tranche of the PSCS constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements.

An Independent Board Committee has been formed to advise the Independent Shareholders and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the subscription of the second tranche of the PSCS.

An EGM will be held to consider and if thought fit, to approve the subscription of the second tranche of the PSCS and the transactions contemplated thereunder. The Subscriber and its associates are required to abstain from voting on the resolutions to be proposed at the EGM.

A circular containing, inter alia, further information regarding the subscription of the second tranche of the PSCS and a notice of EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules, which is currently expected to be on or before 29 May 2019.

Reference is made to the announcements of the Company dated 7 September 2017 and 10 November 2017 and circular dated 29 November 2017 in relation to the subscription of the PSCS by the Subscriber (being a connected person) in the principal amount of HKD50,000,000 in two tranches at the face value of HKD30,000,000 and HKD20,000,000 respectively. The issuance of the first tranche of the PSCS in the principal amount of HKD30,000,000 was completed on 28 December 2017.

The Company is pleased to announce that, in accordance with the terms and conditions of the Subscription Agreement, the Company proposes to call for subscription of second tranche of the PSCS at the principal amount of HKD20,000,000 by the Subscriber. The call for the Subscriber to subscribe for the second tranche of the PSCS shall be subject to the Independent Shareholders' approval.

## **PRINCIPAL TERMS OF THE SECOND TRANCHE OF THE PSCS**

- Issue price : 100% of the principal amount of the second tranche of the PSCS
- Form : The second tranche of the PSCS will be issued in registered form
- Maturity Date : There is no maturity date
- Status and Subordination : The PSCS constitutes direct, unsecured and subordinated obligations of the Company and rank pari passu without any preference or priority among themselves.

In the event of the winding-up of the Company, the rights and claims of the holder(s) of the PSCS shall:

- (a) rank ahead of those persons whose claims are in respect of any class of share capital of the Company;
- (b) be subordinated in right of payment to the claims of all other present and future senior and subordinated creditors of the Company; and
- (c) pari passu with each other and with the claims of holders of Parity Securities

- Distribution : The second tranche of the PSCS confer a right to receive distribution(s) from and including the date of issue of the second tranche of the PSCS at the rate of distribution payable quarterly in arrears on 31 March, 30 June, 30 September and 31 December each year, subject to the terms of the second tranche of the PSCS. For the avoidance of doubt, no part of the Distribution shall be converted into Conversion Shares in lieu of payment
- Rate of Distribution : 5.75% per annum of any outstanding principal amount of the second tranche of the PSCS

- Optional deferral of distributions : The Company may, at its sole discretion, elect to defer a Distribution pursuant to the terms of the second tranche of the PSCS. The deferred Distribution shall be non-interest bearing. The number of times of optional deferral of Distribution by the Company is not restricted
- Conversion Price : Initially HKD3.54 per Conversion Share, subject to adjustment as provided for in the terms of the second tranche of the PSCS, including but not limited to an alteration to the nominal amount of the Shares as a result of consolidation, subdivision or reclassification, capitalization of profits or reserves, capital distributions, rights issues or issue of options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares
- Conversion Shares : 5,649,717 Conversion Shares will be allotted and issued by the Company upon full conversion of the second tranche of the PSCS at the initial Conversion Price
- Conversion period : Conversion of the second tranche of the PSCS into Conversion Shares may take place at any time after the date of issue of the second tranche of the PSCS, subject to the relevant terms as provided in the terms of the second tranche of the PSCS.
- Restrictions on Conversion : No conversion right shall be exercised by the holder of the second tranche of the PSCS (or when it is exercised by virtue of a conversion notice having been given, the Company shall not be obliged to issue any Conversion Shares but may treat that conversion notice as invalid) if the Company will be in breach of the Listing Rules or the Codes on Takeovers and Mergers and Share Repurchases immediately following such Conversion.

- Fractional Shares : Fractions of Shares will not be issued on Conversion and no cash adjustments will be made in respect thereof. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after the date of constitution of the second tranche of the PSCS, the Company will upon Conversion pay in cash a sum equal to such portion of the principal amount of the second tranche of the PSCS represented by the certificate deposited in connection with the exercise of conversion rights as corresponds to any fraction of a Share not issued as aforesaid if such sum exceeds HKD100
- Voting : The holder(s) of PSCS will not be entitled to receive notice of, attend or vote at general meetings of the Company by reason only of it being a PSCS holder
- Transferability : Subject to the terms of the second tranche of the PSCS, the second tranche of the PSCS may be transferred by delivery of the certificate issued in respect of those PSCS, with the form of transfer in the agreed form as set out in the terms of the second tranche of the PSCS duly completed and signed, to the registered office of the Company. No transfer of the second tranche of the PSCS will be valid unless and until (a) the Company has provided its written consent to the transfer (such consent shall not be unreasonably withheld); and (b) such transfer has been entered on the register of PSCS holder(s)
- Redemption rights : The second tranche of the PSCS may be redeemed at the option of the Company, at 100% or 50% of the principal amount of the second tranche of the PSCS each time, on any Distribution Payment Date at the face value of the outstanding principal amount of the second tranche of the PSCS to be redeemed plus 100% or 50% (as the case may be) of Distributions accrued to such date

Listing : No application will be made for the listing of the second tranche of the PSCS on the Stock Exchange. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares converted from the second tranche of the PSCS

### **Conversion Price**

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber taking into account the average closing price of the Shares for the 5 trading days, 10 trading days, 30 trading days, 60 trading days and 90 trading days prior to the date of the Subscription Agreement. The Conversion Price represents:

- (i) a discount of approximately 6.35% to the closing price of HKD3.78 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 6.84% to the average of the closing prices of approximately HKD3.80 per Share for the 5 trading days of the Shares up to and including the Last Trading Day;
- (iii) a discount of approximately 6.35% to the average of the closing prices of approximately HKD3.78 per Share for the 10 trading days of the Shares up to and including the Last Trading Day;
- (iv) a discount of approximately 5.09% to the average of the closing prices of approximately HKD3.73 per Share for the 30 trading days of the Shares up to and including the Last Trading Day;
- (v) a discount of approximately 6.60% to the average of the closing prices of approximately HKD3.79 per Share for the 60 trading days of the Shares up to and including the Last Trading Day;
- (vi) a discount of approximately 8.05% to the average of the closing prices of approximately HKD3.85 per Share for the 90 trading days of the Shares up to and including the Last Trading Day;
- (vii) a premium of approximately 170% to the audited net asset value per Share of approximately HKD1.31, which is calculated based on the audited net asset value of the Company of approximately HKD575,177,000 as at 31 December 2018 as stated in its 2018 annual result announcement divided by its total number of 440,000,000 issued Shares as at 31 December 2018.

Assuming the exercise in full of the conversion rights attaching to the second tranche of the PSCS at the initial Conversion Price, a total of 5,649,717 Conversion Shares may be issued, representing approximately 1.28% of the existing issued share capital of the Company and approximately 1.27% of the issued share capital of the Company as enlarged by the Conversion.

Assuming the exercise in full of the conversion rights attaching to the both tranches of the PSCS at the initial Conversion Price, a total of 14,124,293 Conversion Shares may be issued, representing approximately 3.21% of the existing issued share capital of the Company and approximately 3.11% of the issued share capital of the Company as enlarged by the Conversion.

### **Conditions Precedent**

Completion is conditional upon the fulfillment of the following conditions:

- (a) the Independent Shareholders having approved the subscription of the second tranche of the PSCS and the transaction contemplated therein in the EGM; and
- (b) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Conversion Shares converted from the second tranche of the PSCS.

The Second Completion shall take place on the 7th Business Day following the date of the notice served by the Company, on the Subscriber calling for the subscription of the second tranche of the PSCS at the principal amount of HKD20,000,000.

### **EFFECT ON THE SHAREHOLDING STRUCTURE**

Assuming that there is no change in the issued share capital of the Company prior to the Conversion, the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon Conversion of the second tranche of the PSCS by the Subscriber to the extent allowed; and (iii) upon full Conversion of both tranches of the PSCS by the Subscriber to the extent allowed will be as follows:

	Shareholding as at the date of this announcement		Shareholding upon Conversion of the second tranche of the PSCS		Shareholding upon full Conversion of the PSCS	
	<i>Number of Shares</i>	<i>% (approx.)</i>	<i>Number of Shares</i>	<i>% (approx.)</i>	<i>Number of Shares</i>	<i>% (approx.)</i>
<b>Substantial Shareholders</b>						
Media Cornerstone Limited <sup>1</sup>	254,921,500	57.94	254,921,500	57.20	254,921,500	56.13
The Subscriber <sup>2</sup>	38,200,000	8.68	43,849,717	9.83	52,324,293	11.52
<b>Public</b>						
Public Shareholders	<u>146,878,500</u>	<u>33.38</u>	<u>146,878,500</u>	<u>32.97</u>	<u>146,878,500</u>	<u>32.35</u>
	<u>440,000,000</u>	<u>100.00</u>	<u>445,649,717</u>	<u>100.00</u>	<u>454,124,293</u>	<u>100.00</u>

*Notes:*

1. Mr. Lam is the founder of the Shalom Trust (a discretionary trust established by Mr. Lam as settlor of which UBS Trustee (BVI) Limited acts as the trustee and beneficiaries of which are Mr. Lam, certain of his family members and others persons who may be added from time to time) which indirectly holds the entire issued share capital of Media Cornerstone Limited, which holds 254,921,500 Shares.
2. Mr. Lam is the sole shareholder of the Subscriber which holds 38,200,000 Shares, 10,000,000 Shares in non-listed derivatives and conversion right of 8,474,576 Shares pursuant to the First Completion and the Subscription Agreement. Mr. Lam has undertaken that upon Conversion, he would procure the Subscriber to place down the Shares to maintain the public flow of 25% in compliance with the Listing Rules.

## **USE OF PROCEEDS AND REASONS FOR THE SUBSCRIPTION**

The Company was incorporated in the Cayman Islands with limited liability. The Company is an investment holding company and its subsidiaries are principally engaged in the development and operations of out-of-home advertising media, including advertising in airports, metro lines, billboards and building solutions in the PRC and Hong Kong.

The Group has solid financial position with sufficient financial resources for the operation of the Group. The net proceeds from the issue of the second tranche of the PSCS (after deduction of all related expenses) will be approximately HKD19,700,000, which is intended to be applied as general working capital of the Company.



The Board is of the view that, since the PSCS is considered to be equity of the Company, the calling of subscription of second tranche of the PSCS enables the Company to capture business opportunities by raising immediate capital for the Company and broaden the capital base of the Company without an immediate dilution effect on the shareholding of the existing Shareholders. No conversion right shall be exercised by the holder of the PSCS if the Company will be in breach of the Listing Rules or the Takeover Codes immediately following such Conversion. The subscription of second tranche of the PSCS provides an efficient mean to raise funds as there is no instant material cash outflow pressure on the Group before the repayment of the PSCS since the PSCS has no maturity date. Furthermore, the Company may at its sole discretion to elect to defer a Distribution pursuant to the terms of the second tranche of the PSCS, which makes the financial and cashflow management of the Group more flexible.

The Directors (excluding the independent non-executive Directors who will form their view upon considering the advice of the Independent Financial Adviser) consider that the subscription of the second tranche of the PSCS is in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS**

The Company had not conducted any fund raising exercise in the past twelve months immediately preceding the date of this announcement.

## **LISTING RULES IMPLICATION**

The Subscriber is the controlling shareholder of the Company holding 8.68% of the existing issued share capital of the Company and the sole ultimate beneficial owner of the Subscriber is Mr. Lam, who is an executive Director and the controlling shareholder of the Company. The Subscriber is therefore a connected person of the Company and the subscription of the second tranche of the PSCS constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements.

An Independent Board Committee has been formed to advise the Independent Shareholders and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the subscription of the second tranche of the PSCS.

## **EGM**

An EGM will be held to consider and if thought fit, to approve the subscription of second tranche of the PSCS and the transactions contemplated thereunder. The Subscriber and its associates are required to abstain from voting on the resolutions to be proposed at the EGM.

A circular containing, inter alia, further information regarding the subscription of the second tranche of the PSCS and a notice of EGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules, which is currently expected to be on or before 29 May 2019.

## **DEFINITIONS**

Unless otherwise specified, the following terms have the following meanings in this announcement:

“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for normal banking business in Hong Kong
“Company”	Asiaray Media Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	the terms and conditions of the PSCS
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion”	the exercise of the conversion rights attached to the PSCS and the issuance of the Conversion Shares accordingly
“Conversion Price”	the price at which each Conversion Share(s) will be issued upon Conversion, being HKD3.54 per Conversion Share initially, and subject to adjustments which may be made pursuant to the Conditions
“Conversion Share(s)”	the new Share(s) to be issued upon Conversion

“Director(s)”	the director(s) of the Company
“Distribution”	The distribution rights of the second tranche of the PSCS confers
“EGM”	the extraordinary general meeting of the Company to be convened to approve the subscription of second tranche of the PSCS and the transactions contemplated thereunder
“First Completion”	completion of the subscription for and issue of the PSCS in the principle amount of HKD30,000,000 in accordance with the terms and conditions of the first tranche of the PSCS on 28 December 2017
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the subscription of the second tranche of the PSCS and the transactions contemplated thereunder
“Independent Financial Advisor”	Pelican Financial Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advertising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the subscription of the second tranche of the PSCS
“Independent Shareholders”	Shareholders other than the Subscriber and its associates
“Last Trading Date”	7 May 2019, being the last full trading day in the Shares immediately before the publication of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lam”	Mr. Lam Tak Hing, Vincent, an executive Director and the controlling shareholder of the Company
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PSCS”	the perpetual subordinated convertible securities in the principal amount of HKD50,000,000, HKD30,000,000 of which has been issued to the Subscriber upon First Completion and HKD20,000,000 to be issued by the Company to the Subscriber upon Second Completion
“Rate of Distribution”	5.75% per annum of any outstanding principal amount of the second tranche of the PSCS
“Second Completion”	completion of the subscription for and issue of the PSCS in the principal amount of HKD20,000,000 in accordance with the terms and conditions of the second tranche of the PSCS
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HKD0.10 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Space Management Limited, a company incorporated under the laws of the British Virgin Islands, being a controlling shareholder of the Company holding 8.68% of the existing issued share capital of the Company, 10,000,000 Shares in non-listed derivatives and conversion rights of 8,474,576 Shares pursuant to the First Completion as at the date of this announcement

“Subscription Agreement”	the subscription agreement dated 7 September 2017 entered into between the Company and the Subscriber supplemented by the Supplemental Agreement in relation to the subscription of the PSCS
“Supplemental Agreement”	the supplement agreement dated 10 November 2017 entered into between the Company and the Subscriber in relation to the subscription of the PSCS
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Asiaray Media Group Limited**  
**Lam Tak Hing, Vincent**  
*Chairman*

Hong Kong, 7 May 2019

*As at the date of this announcement, the executive Directors are Mr. Lam Tak Hing, Vincent and Mr. Lam Ka Po; the non-executive Director is Mr. Wong Chi Kin; and the independent non-executive Directors are Mr. Ma Andrew Chiu Cheung, Mr. Ma Ho Fai GBS JP and Ms. Mak Ka Ling.*