

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Asiaray Media Group Limited.*



**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)**

**DISCLOSEABLE TRANSACTION  
SUPPLEMENTAL AGREEMENT TO  
ACQUISITION OF 51% ISSUED SHARES IN  
THE TARGET COMPANY INVOLVING  
ISSUE OF CONSIDERATION SHARES  
UNDER GENERAL MANDATE**

Reference is made to the announcements of the Company dated 22 June 2018, 29 August 2018 and 30 October 2018 in relation to the acquisition of the Target Company by the Purchaser, a wholly-owned subsidiary of the Company. The Consideration will be settled by a combination of cash and issuance of Consideration Shares in accordance with the Original Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendors conditionally agreed to sell the Sale Shares at the consideration of not more than HK\$114 million, to be settled by a combination of cash and the issuance of Consideration Shares payable in four instalments.

**SUPPLEMENTAL AGREEMENT TO THE ORIGINAL AGREEMENT**

On 15 January 2021, the Purchaser and the Vendors entered into a supplemental agreement to the Original Agreement to amend the Original Cash Portion and Original Share Portion of the third instalment and final instalment of the Original Agreement.

Save and except expressly amended pursuant to the Supplemental Agreement, all other terms and conditions of the Original Agreement shall remain unchanged and continue in full force and effect.

#### **LISTING RULES IMPLICATION**

Since the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% but are less than 25%, the Original Agreement (as supplemented by the Supplemental Agreement) and the transaction contemplated thereunder constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirement.

Reference is made to the announcements of the Company dated 22 June 2018, 29 August 2018 and 30 October 2018 (the “**Previous Announcements**”) in relation to the acquisition of the Target Company by the Purchaser, a wholly-owned subsidiary of the Company. The Consideration will be settled by a combination of cash and issuance of Consideration Shares in accordance with the Original Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendors conditionally agreed to sell the Sale Shares at the consideration of not more than HK\$114 million, to be settled by a combination of cash and the issuance of Consideration Shares, payable in four instalments.

On 15 January 2021, the Purchaser and the Vendors entered into the Supplemental Agreement to amend the Original Cash Portion and Original Share Portion of the third instalment and final instalment of the Original Agreement.

Save and except expressly amended pursuant to the Supplemental Agreement, all other terms and conditions of the Original Agreement shall remain unchanged and continue in full force and effect.

#### **BACKGROUND**

As disclosed in the Previous Announcements, by the Original Agreement, the Purchaser conditionally agreed to purchase, and the Vendors conditionally agreed to sell the Sale Shares.

Pursuant to the Original Agreement, the Consideration for the sale and purchase of the Sale Shares shall be not more than HK\$114 million. The Consideration shall be payable by the Purchaser to the Vendors in four instalments. The full amount of the first two instalments has been paid in accordance to the Original Agreement.

### **The 3rd Instalment**

According to the Original Agreement, the amount of 3rd instalment (the “**3rd Instalment**”) is calculated as follow:  $22.5\% \times \text{Adjusted PAT (as at 31 March 2020)}$ . The above 3rd Instalment shall be capped at  $\text{Adjusted PAT (as at 31 March 2018)} \times 200\% \times 22.5\%$ .

Consideration Shares shall be issued and allotted for the value of the 3rd Instalment (i) within 1 month upon confirmation on the audited accounts of the Target Company for the financial year ended 31 March 2020; or (ii) within 6 months from 31 March 2020, whichever is earlier. Provided that in the event that the Adjusted PAT (as at 31 March 2020) is less than 80% of the Adjusted PAT (as at 31 March 2018), the payment obligation of the Purchaser with respect to the 3rd Instalment shall cease.

### **The Final Instalment**

According to the Original Agreement, the amount of the Final Instalment is calculated as follow:  $\text{Adjusted PAT (as at 31 March 2021)} \times \text{PE} \times 51\% - 1\text{st Instalment} - 2\text{nd Instalment} - 3\text{rd Instalment}$ .

The Final Instalment shall be satisfied (i) within 1 month upon confirmation on the audited accounts of the Target Company for the financial year ended 31 March 2021; or (ii) within 6 months from 31 March 2021. A portion of the Final Instalment shall be satisfied by the Original Cash Portion and the remaining portion shall be satisfied by the Original Share Portion in accordance with the following calculation:

Original Cash Portion =  $\text{Adjusted PAT (as at 31 March 2021)} \times \text{PE} \times 51\% \div 2 - 1\text{st Instalment}$ ;  
and

Original Share Portion =  $\text{Adjusted PAT (as at 31 March 2021)} \times \text{PE} \times 51\% \div 2 - 2\text{nd Instalment} - 3\text{rd Instalment}$ ;

provided that if the calculated sum of the  $\text{Adjusted PAT (as at 31 March 2021)} \times \text{PE} \times 51\% \div 2$  is less than the 1st Instalment resulting in a deficit in the Original Cash Portion, the Purchaser’s obligation to make cash payment under the Original Cash Portion shall cease and the Original Share Portion payable by the Purchaser shall be reduced by such deficit amount accordingly.

## **SUPPLEMENTAL AGREEMENT TO THE ORIGINAL AGREEMENT**

On 15 January 2021, the Purchaser and the Vendors entered into the Supplemental Agreement to amend the 3rd Instalment and the Final Instalment of the Original Agreement.

### **DETAILS OF SUPPLEMENTAL AGREEMENT**

Date: 15 January 2021

Parties: Vendors: (1) Mr. Lo Chi Kwong  
(2) Mr. Colin Neil Stewart  
(3) Mr. Leung Siu Pun

Purchaser: Asiaray International Holdings Limited

Amendments: (i) The payment of the 3rd Instalment would be deferred and incorporated into the Final Instalment.

(ii) The Final Instalment shall be satisfied (i) within one (1) month upon confirmation by all Parties on the audited accounts of the Company for the financial year ended 31 March 2022 or (ii) within six (6) months from 31 March 2022, whichever is earlier. A portion of the Final Instalment shall be satisfied by the Cash Portion and the remaining portion shall be satisfied by the Share Portion in accordance with the following calculation:

(i) Cash Portion = Adjusted PAT (as at 31 March 2022) x PE x 51% ÷ 2 – 1st Instalment; and

(ii) Share Portion = Adjusted PAT (as at 31 March 2022) x PE x 51% ÷ 2 – 2nd Instalment;

provided that if the calculated sum of Adjusted PAT (as at 31 March 2022) x PE x 51% ÷ 2 is less than the 1st Instalment resulting in a deficit in the Cash Portion, the Purchaser's obligation to make cash payment under the Cash Portion shall cease and the Share Portion payable by the Purchaser shall be reduced by such deficit amount accordingly.

For avoidance of doubt, in the event that the Final Instalment is less than HK\$0, the Purchaser's obligation to make payment in cash or Consideration Shares to the Vendors shall cease and the Vendors are under no obligation to make any compensation to the Purchaser or to return to the Purchaser any cash or Consideration Shares the Vendors entitle to receive under the 1st Instalment and the 2nd Instalment.

The issue price of Consideration Shares in respect of the Final Instalment shall be the average closing price of the Shares (after Adjustment) as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including 31 March 2022.

Save and except expressly amended pursuant to the Supplemental Agreement, all other terms and conditions of the Original Agreement shall remain unchanged and continue in full force and effect.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT**

The Target Company has a business of provision of signage and urban furniture design engineering and consulting work in Hong Kong, the United States of America and the European region, which represents a diversified addition to the existing business portfolio of the Group. Due to the unexpected outbreak of COVID-19, the Parties are of the view that the calculation of the 3rd Instalment and Final Instalment as per the Original Agreement could not accurately reflect the value of the Target Company, since the Adjusted PAT during the period has been heavily affected by the sudden outbreak of the COVID-19. The Parties agreed that by using the Adjusted PAT of a financial year less disrupted by the outbreak of COVID-19, the consideration could more accurately reflect the value of the Target Company.

The Directors (including the independent non-executive Directors) are of the view that the Original Agreement (as supplemented by the Supplemental Agreement) was entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, and that the terms of the Original Agreement (as supplemented by the Supplemental Agreement) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

Since the applicable percentage ratios (as defined under the Listing Rules) in respect of the acquisition of the Target Company exceed 5% but are less than 25%, the Original Agreement and the Supplemental Agreement and the transaction contemplated thereunder constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirement.

## **DEFINITIONS**

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

“Adjusted PAT”	means the average of the audited profit-after-tax of the Target Company in its preceding three (3) financial years adjusted for the Group Referral Income Deduction, save for the calculation of the Adjusted PAT (as at 31 March 2018) which the unaudited accounts of the Target Company for the financial year ended 31 March 2018 shall be applied
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“COVID-19”	the novel coronavirus outbreak
“Cash Portion”	the portion of payment to be paid in cash to satisfy the Final Instalment in accordance with the Supplemental Agreement
“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
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the total consideration for the acquisition of the Target Company not more than HK\$114 million

“Consideration Shares”	new Shares to be allotted and issued by the Company to the Vendors at the issue price determined in accordance with the Agreement, and “Consideration Share” means any of them
“Director(s)”	the director(s) of the Company
“Final Instalment”	the final instalment to be paid by the Purchaser to the Vendor for the purchase of the Target Company
“Group”	the Company and its subsidiaries
“General Mandate”	the general mandate granted to the Board by the independent Shareholders to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the annual general meeting of the Company held on 15 June 2018
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Original Agreement”	the agreement dated 29 August 2018 entered into between the Vendors and the Purchaser relating to the acquisition of the Target Company by the Purchaser from the Vendors
“Original Cash Portion”	the portion of payment to be paid in cash to satisfy the Final Instalment in accordance with the Original Agreement
“Original Share Portion”	the remaining portion to satisfy the Final Instalment by issuance and allotment of Consideration Shares in accordance with the Original Agreement
“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

“Purchaser”	Asiaray International Holdings Limited, a wholly owned subsidiary of the Company incorporated in the British Virgin Islands
“Share(s)”	ordinary share(s) of HKD0.10 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Share Portion”	the remaining portion to satisfy the Final Instalment by issuance and allotment of Consideration Shares in accordance with the Supplemental Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 15 January 2021 entered into between the Purchaser and the Vendors in relation to the amendment of certain terms in the Original Agreement
“Target Company”	Radius Displays International Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Vendors
“%”	per cent

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

Hong Kong, 15 January 2021

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