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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the "Board") of Asiaray Media Group Limited (the "Company") announces the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2021	2020
	Notes	***HKD'000***	*HKD'000*
Revenue	*3*	**2,285,084**	1,557,103
Cost of revenue		**(1,853,296)**	(1,209,582)
Gross profit		**431,788**	347,521
Selling and marketing expenses		**(178,366)**	(147,575)
Administrative expenses		**(223,163)**	(167,842)
Net impairment losses on financial assets		**(13,004)**	(23,531)
Other income	*4*	**42,461**	39,425
Other gains, net	*5*	**66,546**	13,699
Operating profit		**126,262**	61,697

	Notes	Year ended 31 December **2021** ***HKD'000***	 2020 *HKD'000*
Finance income	*6*	**2,744**	3,155
Finance costs	*6*	**(297,491)**	(229,516)
Finance costs, net	*6*	**(294,747)**	(226,361)
Share of net (loss)/profit of associates accounted for using the equity method		**(1,377)**	14,754
Loss before income tax		**(169,862)**	(149,910)
Income tax credit	*7*	**23,794**	8,501
Loss for the year		**(146,068)**	(141,409)
Other comprehensive income			
Item will not be recycled to profit or loss			
Net losses from changes in financial assets at fair value through other comprehensive income, net of tax		**(235)**	(289)
Items that may be reclassified to profit or loss			
Currency translation differences		**19,604**	42,683
Reclassification of currency translation differences to profit or loss upon disposal of subsidiaries		**1,928**	–
		21,297	42,394
Total comprehensive loss for the year		**(124,771)**	(99,015)
Loss attributable to:			
Owners of the Company		**(173,244)**	(163,362)
Non-controlling interests		**27,176**	21,953
Loss for the year		**(146,068)**	(141,409)
Total comprehensive loss attributable to:			
Owners of the Company		**(152,855)**	(125,645)
Non-controlling interests		**28,084**	26,630
Total comprehensive loss for the year		**(124,771)**	(99,015)
Loss per share attributable to owners of the Company for the year *(expressed in HK cents per share)*			
– Basic and diluted	*8*	**(38.61)**	(35.49)

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2021	2020
	Notes	***HKD'000***	*HKD'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**174,150**	74,126
Right-of-use assets		**4,511,484**	3,469,728
Investment properties		**68,909**	10,997
Intangible assets		**17,150**	19,197
Investments accounted for using the equity method		**71,751**	50,629
Financial assets at fair value through profit or loss		**7,964**	7,378
Financial assets at fair value through other comprehensive income		**7,453**	7,734
Deferred income tax assets		**229,280**	196,958
Other receivables and deposits	*10*	**8,888**	13,068
		5,097,029	3,849,815
Current assets			
Inventories		**10,401**	4,017
Trade and other receivables	*10*	**1,143,015**	1,011,189
Restricted cash		**32,882**	33,753
Cash and cash equivalents		**386,038**	378,509
		1,572,336	1,427,468
Total assets		**6,669,365**	5,277,283
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**47,568**	47,568
Reserves		**283,207**	247,453
		330,775	295,021
Non-controlling interests		**130,278**	79,731
Total equity		**461,053**	374,752

		As at 31 December	
		2021	2020
	Notes	***HKD'000***	*HKD'000*
Liabilities			
Non-current liabilities			
Borrowings	*12*	**160,250**	80,641
Lease liabilities		**3,941,871**	3,077,028
Deferred income tax liabilities		**2,331**	2,331
		4,104,452	3,160,000
Current liabilities			
Trade and other payables	*11*	**339,937**	291,487
Contract liabilities		**155,149**	127,388
Financial liabilities at fair value through profit or loss		**12,529**	7,800
Borrowings	*12*	**155,337**	222,188
Current income tax liabilities		**6,615**	13,851
Lease liabilities		**1,434,293**	1,079,817
		2,103,860	1,742,531
Total liabilities		**6,208,312**	4,902,531
Total equity and liabilities		**6,669,365**	5,277,283

NOTES

1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and investment properties, which are carried at fair values.

As at 31 December 2021, the Group's current liabilities exceeded its current assets by HKD531,524,000. The net current liabilities was mainly attributable to recognition of lease liabilities of HKD1,434,293,000 in current liabilities and HKD3,941,871,000 in non-current liabilities respectively, while the associated right-of-use assets amounting to HKD4,511,484,000 were recognised in non-current assets. For the year ended 31 December 2021, the Group recorded a net loss to equity owners as disclosed in the statement of comprehensive income.

In view of such circumstances, the directors of the Company ("Directors") have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors of the Company have reviewed a cash flow projection of the Group prepared by management covering a period of not less than twelve months from 31 December 2021 taking into account the following plans and measures into consideration:

(i) The Group had unutilised banking facilities available of HK$199,423,000 as of 31 December 2021. The Group maintains regular communication with its banks and given its good track records, the Directors are confident that the existing banking facilities will continue to be available to the Group and the outstanding borrowings can be renewed when their current term expires.

(ii) The Group expects that there will be steady cash inflow from operations that is sufficient enough to fulfil its obligations including lease liabilities. The Group will also monitor the impact to the cash inflow under the current COVID-19 pandemic situation in Hong Kong and Mainland China. The Group will continue to closely monitor the performance of each contract and the impact of COVID-19 pandemic on its operation and take proactive measures on cost control to mitigate the negative impact that might arise, including, but not limited to, negotiation with the landlord for concession of its lease obligation, if necessary.

The Directors are of the opinion that the Group's available sources of funds, including the Group's expected net cash inflows from its operating activities and the continuous support from its banks, are sufficient to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 December 2021. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

These consolidated financial statements are presented in Hong Kong dollars ("HKD") and all figures are rounded to the nearest thousand (HKD'000) unless otherwise stated.

(a) New standards, amendments to standards and interpretation adopted by the Group

The Group has applied the following new standards, amendments to existing standards and interpretation for the first time for their financial year beginning on 1 January 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2022

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods, except for the Amendments to HKFRS 16 set out above.

(b) New standards and amendments to existing standards that have been issued but are not effective and have not been early adopted by the Group

		Effective for annual periods beginning on or after
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual improvements project	Annual improvements to HKFRSs 2018 - 2020	1 January 2022
Revised AG 5	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined by the HKICPA

The above new standards, amendments to existing standards and interpretations have been published that are not mandatory for the annual reporting periods commencing 1 January 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2 CHANGES IN ACCOUNTING POLICIES

The Group early adopted Amendments to HKFRS 16 - Covid-19-Related Rent Concessions from 1 January 2020. The amendments provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

– the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

– any reduction in lease payments affects only payments due on or before 30 June 2021; and

– there is no substantive change to other terms and conditions of the lease.

The Group has also early adopted Amendments to HKFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021, which extended the practical expedient to lease payments that were due on or before 30 June 2022.

The Group has applied the practical expedient to all qualifying COVID-19-related rent concessions. Rent concessions totaling HKD105,063,000 have been accounted for as negative variable lease payments and recognised in administrative expenses or cost of sales in the consolidation statement of comprehensive income for the year ended 31 December 2021, with a corresponding adjustment to the lease liability. There is no impact on the opening balance of equity at 1 January 2021.

3 SEGMENT INFORMATION

The segment information for the operating segments is as follows:

	Airports business *HKD'000*	Metro and billboards business *HKD'000*	Bus and other business *HKD'000*	Total *HKD'000*
Year ended 31 December 2021				
Revenue	**760,754**	**838,863**	**685,467**	**2,285,084**
Cost of revenue	**(517,400)**	**(695,671)**	**(640,225)**	**(1,853,296)**
Gross profit	**243,354**	**143,192**	**45,242**	**431,788**
Share of net profit/(loss) of associates accounted for using the equity method	**19,162**	**(20,539)**	**–**	**(1,377)**
Segment results	**262,516**	**122,653**	**45,242**	**430,411**
Selling and marketing expenses				**(178,366)**
Administrative expenses				**(223,163)**
Net impairment losses on financial assets				**(13,004)**
Other income				**42,461**
Other gains, net				**66,546**
Finance income				**2,744**
Finance costs				**(297,491)**
Finance costs, net				**(294,747)**
Loss before income tax				**(169,862)**

	Airports business *HKD'000*	Metro and billboards business *HKD'000*	Bus and other business *HKD'000*	Total *HKD'000*
Year ended 31 December 2020				
Revenue	692,980	596,047	268,076	1,557,103
Cost of revenue	(427,198)	(514,215)	(268,169)	(1,209,582)
Gross profit/(loss)	265,782	81,832	(93)	347,521
Share of net profit/(loss) of associates accounted for using the equity method	16,444	(1,690)	–	14,754
Segment results	282,226	80,142	(93)	362,275
Selling and marketing expenses				(147,575)
Administrative expenses				(167,842)
Net impairment losses on financial assets				(23,531)
Other income				39,425
Other gains, net				13,699
Finance income				3,155
Finance costs				(229,516)
Finance costs, net				(226,361)
Loss before income tax				(149,910)

Revenue consisted of the following:

	Year ended 31 December **2021** ***HKD'000***	2020 *HKD'000*
Advertising display revenue	**1,834,747**	1,369,478
Advertising production, installation and dismantling revenue	**450,337**	187,625
	2,285,084	1,557,103

The timing of revenue recognition of the Group's revenue was as follows:

	Year ended 31 December	
	2021	2020
	HKD'000	*HKD'000*
Revenue over time	**1,834,747**	1,369,478
Revenue at a point in time	**450,337**	187,625
	2,285,084	1,557,103

The geographical distribution of the Group's revenue was as follows:

	Year ended 31 December	
	2021	2020
	HKD'000	*HKD'000*
Mainland China	**1,611,378**	1,254,547
Hong Kong	**673,706**	302,556
	2,285,084	1,557,103

The Group has a large number of customers, none of which contributed 10% or more of the Group's total revenue.

The Group's non-current assets other than financial instruments and deferred income tax assets were located in Mainland China, Hong Kong and others as follows:

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
Mainland China	**4,091,195**	2,838,800
Hong Kong	**755,708**	795,462
Others	**5,429**	3,483
	4,852,332	3,637,745

4 OTHER INCOME

	Year ended 31 December	
	2021	2020
	HKD'000	*HKD'000*
Advertising consulting service income	**4,215**	8,634
Government subsidy income	**14,321**	18,215
Interest income on loans to an associate	**–**	536
Reimbursement of installation and maintenance costs	**1,359**	969
Advertising design service income	**8,075**	7,434
Dividend income	**457**	477
Rental income	**656**	284
Others	**13,378**	2,876
	42,461	39,425

Government subsidy income represented various tax refunds granted by the relevant government authorities with no future obligations.

5 OTHER GAINS, NET

	Year ended 31 December	
	2021	2020
	HKD'000	*HKD'000*
Net exchange (losses)/gains	**(5,764)**	1,693
Fair value gains on investment properties	**17,257**	490
Fair value losses on remeasurement on contingent consideration	**(4,729)**	(1,584)
Net gains from early termination of lease	**–**	8,182
Losses on disposal of property, plant and equipment and intangible assets	**(69)**	(53)
Gain on disposal of an associate	**–**	4,971
Gain on disposal of subsidiaries	**59,851**	–
	66,546	13,699

6 FINANCE COSTS, NET

	Year ended 31 December	
	2021	2020
	HKD'000	*HKD'000*
Finance income		
Interest income on bank deposits	**(2,744)**	(3,155)
Finance costs		
Interest expense on bank borrowings	**10,363**	10,885
Interest expense on lease liabilities *(Note)*	**287,128**	218,631
	297,491	229,516
Finance costs, net	**294,747**	226,361

Note: Interest expense on lease liabilities is arising from recognition of right-of-use assets, which is measured at net present value of the fixed payment.

7 INCOME TAX CREDIT

The income tax credit of the Group for the years ended 31 December 2021 and 2020 is analysed as follows:

	Year ended 31 December	
	2021	2020
	HKD'000	*HKD'000*
Current income tax		
– PRC corporate income tax	**17,970**	23,176
– Hong Kong profits tax	**117**	434
	18,087	23,610
Deferred income tax	**(41,881)**	(32,111)
	(23,794)	(8,501)

8 LOSS PER SHARE

(a) Basics

Basic loss per share is calculated by dividing the loss attributable to owners of the Company less the distribution of PSCS by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2021	2020
Loss attributable to owners of the Company *(HKD'000)*	**(173,244)**	(163,362)
Less: Distribution to PSCS *(HKD'000)*	**(7,754)**	(3,075)
	(180,998)	(166,437)
Weighted average number of ordinary shares in issue *(thousand shares)*	**468,737**	468,923
Loss per share *(HK cents per share)*	**(38.61)**	(35.49)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company and PSCS (forming the denominator for computing diluted loss per share).

For the year ended 31 December 2021 and 2020, the Group's share options and PSCS could potentially dilute basic loss per share in the future, but were not included in the calculation of diluted loss per share because they are anti-dilutive for the year.

9 DIVIDENDS

At the meeting held on 25 March 2022, the Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
Current assets		
Trade receivables (a)	**747,656**	658,117
Less: loss allowance of trade receivables (b)	**(77,798)**	(63,844)
Trade receivables, net	**669,858**	594,273
Other receivables (c)	**312,048**	229,358
Less: loss allowance of other receivables (c)	**(5,173)**	(4,701)
Other receivables, net	**306,875**	224,657
Interest receivables	**99**	205
Value-added-tax ("VAT") recoverable	**72,357**	58,070
Prepayments (d)	**93,826**	133,984
	1,143,015	1,011,189
Non-current assets		
Other receivables and deposits (c)	**8,888**	13,068
Total	**1,151,903**	1,024,257

(a) The Group has various credit terms for its customers. Ageing analysis of the trade receivables by invoice date is as follows:

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
Up to 6 months	**540,664**	454,837
6 months to 12 months	**79,412**	95,346
1 year to 2 years	**51,367**	46,950
2 years to 3 years	**21,143**	23,663
Over 3 years	**55,070**	37,321
	747,656	658,117

(b) Loss allowance of trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables. The Group also continuously monitors the credit risks by assessing the credit quality of respective counterparties, taking into account its financial position, past experience and other factors.

The loss allowance increased by HKD13,954,000 (2020: HKD27,259,000) during the year.

(c) Other receivables mainly represent concession deposits paid to various media resources owners and amounts due from certain related parties. The carrying amounts of other receivables approximated the fair value as at 31 December 2021 and 2020.

Other receivables and deposits are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime expected credit losses. The loss allowance of other receivables amounts to HKD5,173,000 (2020: HKD4,701,000).

(d) Analysis of prepayments is as follows:

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
Prepayments for concession fee for advertising spaces	**75,091**	116,466
Others	**18,735**	17,518
	93,826	133,984

(e) The carrying amount of the Group's trade and other receivables excluded prepayments are denominated in the following currencies:

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
RMB	**805,269**	749,408
HKD	**250,245**	139,038
Others	**2,563**	1,827
	1,058,077	890,273

11 TRADE AND OTHER PAYABLES

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
Trade payables (a)	**123,435**	96,339
Accrued concession fee charges for advertising spaces	**109,758**	92,778
Other taxes payables	**16,838**	12,531
Interests payables	**343**	558
Salary and staff welfare payables	**34,594**	30,324
Other payables	**54,969**	58,957
	339,937	291,487

The carrying amounts of the Group's total trade and other payable are denominated in the following currencies:

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
RMB	**211,827**	165,355
HKD	**126,758**	125,131
Others	**1,352**	1,001
	339,937	291,487

(a) As at 31 December 2021 and 2020, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
Up to 6 months	**117,086**	89,306
6 months to 12 months	**3,489**	3,066
1 year to 2 years	**1,058**	2,573
2 years to 3 years	**439**	261
Over 3 years	**1,363**	1,133
	123,435	96,339

12 BORROWINGS

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
Non-current portion		
Bank borrowings, secured	**–**	891
Bank borrowings, unsecured	**160,250**	79,750
	160,250	80,641
Current portion		
Bank borrowings, secured	**917**	1,188
Bank borrowings, unsecured	**154,420**	221,000
	155,337	222,188
Total bank borrowings	**315,587**	302,829

(a) At 31 December 2021 and 2020, the Group's borrowings are repayable as follows:

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
Within 1 year	**151,493**	212,921
Between 1 and 2 years	**64,094**	61,638
Between 2 and 5 years	**100,000**	28,270
	315,587	302,829

The carrying amount of current borrowings approximated their fair values as the impact of discounting was not significant. The carrying amounts and fair values of the non-current borrowings are as follows:

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
Carrying amounts	**160,250**	80,641
Fair values	**154,739**	77,111

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 31 December	
	2021	2020
	HKD'000	*HKD'000*
RMB	**59,485**	83,644
HKD	**256,102**	219,185
	315,587	302,829

13 DISPOSAL OF SUBSIDIARIES

(a) Pursuant to the written resolutions of the shareholders passed on 29 April 2021, 珠海雅仕維報業傳媒有限公司 (Zhuhai Asiaray Newspaper Media Company Limited*) ("Zhuhai Asiaray") issued and allotted 2,000,000 new ordinary shares at RMB1 each to an existing shareholder and 上海雅仕維廣告有限公司 (Shanghai Asiaray Advertising Company Limited*) ("Shanghai Asiaray"), a wholly owned subsidiary of the Company at amount of RMB1,900,000 and RMB100,000 respectively. As a result, the registered share capital of Zhuhai Asiaray increased by RMB2,000,000. Upon completion as at 26 May 2021, the Group's equity interest in Zhuhai Asiaray decreased from 60% to 49% while one of the board members from Shanghai Asiaray was removed and consequently the Group only maintains significant influence over the board decision. Thus, Zhuhai Asiaray ceased to be a subsidiary of the Group and became an associate of the Group under HKAS 28.

Details of net assets of Zhuhai Asiaray at date of disposal were as follows:

	HKD'000
Fair value of interest retained	**5,641**
Less: net assets disposed of	
Property, plant and equipment	**(3,180)**
Right-of-use assets	**(41,693)**
Deferred income tax assets	**(3,398)**
Trade and other receivables	**(13,245)**
Inventories	**(133)**
Cash and cash equivalents	**(8,815)**
Trade and other payables	**9,884**
Current income tax liabilities	**808**
Lease liabilities	**54,133**
Non-controlling interests	**2,315**
Release of foreign exchange reserves	**(162)**
Gain on disposal	**2,155**
Cash outflow arising from the deemed disposal:	
Cash and cash equivalents	**8,815**

* *For identification purpose only*

(b) Before 1 January 2021, Shanghai Asiaray held 60% equity interest and 天津地鐵資源投資有限公司 (Tianjin Metro Resources Investment Company Limited*) ("Tianjin Metro Resources") held 40% equity interest respectively of 天津雅鐵廣告傳媒有限公司 (Tianjin Yatie Media Communication Company Limited*) ("Tianjin Yatie"). Tianjin Yatie is one of the subsidiaries of Shanghai Asiaray as Tianjin Metro Resources granted its voting right to Shanghai Asiaray to control over the board decision. However, Tianjin Metro Resources no longer assigned its voting right to Shanghai Asiaray since 1 January 2021. Given the board required to have unanimous consent to pass resolution, the Group lost control in Tianjin Asiaray which is ceased to be a subsidiary of the Group since then. The investment would be accounted as a joint venture of the Group under HKAS 28.

Details of net assets of Tianjin Yatie at date of disposal were as follows:

	HKD'000
Fair value of interest retained	**26,500**
Less: net assets disposed of	
Property, plant and equipment	**(1,501)**
Right-of-use assets	**(62,998)**
Deferred income tax assets	**(12,151)**
Trade and other receivables	**(34,359)**
Inventories	**(9)**
Cash and cash equivalents	**(4,801)**
Trade and other payables	**48,839**
Lease liabilities	**121,352**
Non-controlling interests	**(21,184)**
Release of foreign exchange reserves	**(1,402)**
Gain on disposal	**58,286**
Cash outflow arising from the deemed disposal:	
Cash and cash equivalents	**4,801**

* *For identification purpose only*

14 ACQUISITION OF A SUBSIDIARY

Acquisition of a subsidiary under asset deal transaction

On 22 January 2021, the Group entered into a purchase agreement with Lam Tak Hing, Vincent ("Mr. Lam"), the shareholder of the Group and a related company of the Group. Pursuant to the acquisition agreement, the Group would acquire (i) the sale share, representing 100% of the issued share capital of Billion China International Limited ("Billion China"); and (ii) the sale loan in the sum of approximately HKD38,200,000 from Mr. Lam at completion. The consideration of approximately HKD122,700,000 shall be paid, satisfied upon completion by the issuance of the PSCS by the Company to Mr. Lam or his nominee(s). The acquisition and the issuance of the PSCS were approved by extraordinary general meeting on 23 April 2021. The completion date is 14 May 2021.

The principal asset of the related company is the entire interest in properties located in Beijing. Given no integrated set under the acquisition is capable of being conducted and managed as a business, it is concluded that the acquisition was accounted for as an asset acquisition.

The fair values of the net assets acquired in the transaction are as follows:

	HKD'000
Assets and liabilities:	
Property, plant and equipment	**67,928**
Investment properties	**38,902**
Cash and cash equivalents	**28**
Amount due from related companies	**17,702**
Dividend payables to shareholder	**(1,860)**
Total identifiable net assets acquired	**122,700**
Total fair value of consideration:	
By issuance of the PSCS	**122,700**
Cash inflow arising from the acquisition:	
Cash and cash equivalents acquired	**28**

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The novel coronavirus ("COVID-19" or "pandemic") situation has continued to evolve during the past year, creating uncertainties and challenges, which in turn has affected the global economic recovery. Fortunately, the pressure from the pandemic was less severe compared with the preceding year and the global economy has gradually adapted to the new normal of the late-pandemic era. The Group has continued to draw on its competitive advantage as a market leader to seize business opportunities and to navigate through this challenging period.

For the year ended 31 December 2021 (the "Year"), leveraging its established customer base and diversified media resources, the Group recorded a 46.8% rise in total revenue to HKD2,285.1 million (2020: HKD1,557.1 million), while the combine revenue[1] was HKD3,182.6 million (2020: HKD2,212.3 million), up 43.9%. Gross profit amounted to HKD431.8 million (2020: HKD347.5 million), while the gross profit margin was 18.9%. Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled HKD1,273.0 million (2020: HKD1,033.9 million). Despite investments made in securing new projects, which were still at a ramp-up stage, the overall business performance of the Group has been improved significantly in the second half of the year, facilitating the Group managed to narrow losses by 3.3% to HKD146.1 million for the Year (2020: loss of HKD141.4 million).

As at 31 December 2021, the Group was in a healthy financial position with cash and cash equivalents and bank deposits amounting to HKD418.9 million (2020: HKD412.3 million), achieving its 8th consecutive year of net cash position. The Company has been able to achieve a significant upsurge in revenue of 46.8%; ramp up operation of media resources at a major project in Shenzhen Metro lines; adhere to IFRS amid an uncertain pandemic-affected business environment, and managed to remain at a stable financial position as in the preceding year. Asiaray has thus demonstrated the ability to achieve continuous progress, even amidst a harsh business environment created by the pandemic.

Update of business segments

Airport

The significantly reduced demand as well as travel restrictions and quarantine requirements amid the pandemic continued to cast a shadow on air transportation, with passenger traffic inevitably affected. Nevertheless, the number of domestic flights increased progressively since the initial COVID-19 outbreak in Mainland China. During the Year, the segmental revenue remained stable, totalling HKD760.8 million (2020: HKD693.0 million), and this stability was also reflected in the gross profit and gross profit margin, which were at HKD243.4 million (2020: HKD265.8 million) and 32.0%, respectively.

[1] combined revenue, which includes consolidated revenue and revenue from all associated companies

In addition, the Group redoubled efforts to explore and secure the rights to operate new media resources in various national airports. During the Year, the Group obtained the concession rights to operate media resource in the Longchuan Guangsong Airport in Yunnan, marking the Group's first step towards tapping the media resources of general-purpose airports, which are extremely numerous. Moreover, further to its partnership with the Shenzhen Baoan International Airport, the Group secured the concession rights to operate media resources in its newly built Satellite Concourse.

Metro lines and billboards

With the vaccination rate increasing and the situation becoming relatively more stable, city life has gradually returned to normal, facilitating the resumption of economic and commercial activities. Consequently, ridership of the metro lines has improved. During the Year, segmental performance remained stable, culminating in a delightful increase in revenue of 40.8% to HKD838.9 million (2020: HKD596.0 million). However, the segmental performance was hindered by the performance of billboards as a few major billboards in Hong Kong were no longer available. As a result, the Group recorded a gross profit of HKD143.2 million (2020: HKD81.8 million) and a gross profit margin of 17.1%.

While consistently high-quality service has been a hallmark of the Group, and the reason why it is a trusted ally of its customers, it is worth noting as well that various goals have been achieved through collaborative efforts with new partners, underpinned by the Group's outstanding management capacity and cutting-edge technologies. While Digital-Out-of-Home ("DOOH") has been renowned to be a major growth factor of the industry, during the Year, the Group was appointed the media and advertising partner of Beijing Metro Line 17, and was entrusted with building the first digitalised media network for the entire metro line. The Group also further expanded its presence in the Greater Bay Area by securing the exclusive rights to operate the media resources in Shenzhen Metro Line 2 (Phase 3), 6, 8 (Phase 1) and 10. In regard to the overseas layout, the second stage of Singapore Thomson-East Coast Line (TEL) has been in operation since August 2021. As the TEL will open in stages, Asiaray's screens will, correspondingly, be programmatically available via related platforms to provide flexibility for advertisers and brands, demonstrating yet another of its state of the art digital-driven applications.

Separately, to fully grasp the vast opportunities brought by the regional development strategy, the Group has strived to devise a business blueprint for leveraging its presence in the gateway to South and South East Asia. During the Year, the Group was granted the exclusive right to operate, manage, maintain and sell advertising and media resources and the shops along the domestic section of the China-Laos Railway. The Group is convinced that it can promote local economic development, improve cross-regional cultural and economic exchanges and implement the national Belt and Road initiative through the accountable, flexible, and precise use of advertising and media resources for advertisers.

In respect of the billboard operation, Asiaray maintained its dominance in billboard advertising in prime locations across Hong Kong. Armed with digital billboards, the Group has included DOOH into its Outdoor & Online ("O&O") New Media Strategy, so as to cater for the diverse needs of advertisers.

Bus and others

In the one and a half years in which the advertising venture with the Kowloon Motor Bus Co. ("KMB") and Long Win Bus Company Limited ("LWB") commenced, the subsequent extension of coverage to include both bus shelters and bus body panels would prove to be the silver lining. Combined with the promising and resilient performance of others business as the source of recent fortunes, segmental revenue surged by 155.7% to HKD685.5 million (2020: HKD268.1 million) during the Year. Moreover, gross profit amounted to HKD45.2 million with gross profit margin at 6.6%. The improvements were attributable to the completion of large-scale advertising projects for a number of well-known international brands and influential local enterprises. The campaign once again demonstrated the effectiveness of the Group's DOOH solution to tactically align with points of interest (POI) and retargeting.

DOOH and O&O New Media Strategy Development

The Group strongly believes that only through the constant pursuit of new technologies arising from changes in the market can greater value be created for advertiser, media resources owners and passengers. During the Year, the Group continued to promote the development of digital-driven solutions through combining the DOOH with O&O New Media Strategy – the unique "DOOH+" solution has come into being. Leveraging multimedia expression to create a seamless offline-to-online immersive experience in a data-driven manner, the revenue of DOOH+ advertising solutions celebrated fruitful revenue of HKD547.7 million, contributing 24.0% of the total revenue. This approach, supplemented by intelligent technologies, has proved that the Group is able to deliver advertising capable of meeting the specific needs of passenger groups and demographics during their journeys at different times of the day.

Regarding the supply side, the Group has spared no effort to activate its outdoor advertising facilities programmatically via various platforms, including the world leading full-stack programmatic DOOH (“pDOOH”) platform Hivestack and The Trade Desk (NASDAQ: TTD) and our first partner Google technology company powering the open internet with more relevant, data-driven advertising to audiences around the world. Marrying the best of DOOH with data-driven programmatic flexibility, such partnerships have not only enabled the Group to explore new partnerships around the world, but also offer a new dimension in DOOH media placement for the industry.

The Group is fully aware of the enormous growth prospect that the virtual market offers, hence the reason why it took the opportunity to step up investment in interactive experiences via online platforms. In order to enable advertisers to tell their stories and brand strengths boundlessly, the Group also optimised the resources of its competitive arm and rolled out numerous interactive campaigns and virtual events.

Prospects

Asiaray, with its pioneering DOOH+ solutions, top-tier partnerships and mature media network, has been able to ride out various economic cycles. In the face of a complex and constantly changing geopolitical and economic environment, as well as instability created by the pandemic, the Group will remain vigilant yet also cautiously optimistic about its ability to elevate its business to the next level.

Early on, the Group understood the potential of digitalisation, which, in recent years, has developed rapidly. Following years of deploying capacities and expanding its online and offline media network, the Group can now better and more flexibly coordinate overall planning to generate tremendous synergies and reinforce its prominent market position. The Group will continue to improve its innovation-driven solutions so as to offer advertisers with advertising experiences that not only satisfy their needs, but also place them in the vanguard of market trends.

With respect to Mainland China, since the outbreak of the pandemic, the Group recognised the market had the potential to recover quickly and that local brands would emerge, requiring countrywide advertising solutions. Renowned for its mature technologies and superior media network, the Group is well-positioned to seize these new opportunities as well as enhance its existing partnerships in Mainland China, even amid stiff competition.

The Group also attaches tremendous importance to optimising internal control. It will therefore seek to more accurately and prudently use resources, as well as further negotiate with partners to enhance rental concessions, while maintaining stable operation amid the pandemic.

Capitalising on its industry strengths and shrewd insights into market trends, the Group will resolutely implement its "mega transport, multi-media and full ambience capability" advertising solutions, maintain strong ties with advertisers and brands and keep abreast of and respond swiftly to their specific needs. In addition, as a market leader, the Group has witnessed tremendous opportunities brought by the cyberspace, such as emergence of the metaverse and NFT. It will therefore seek to leverage its expertise to grasp these opportunities together with its customers and partners to facilitate mutual progress. Moving forward, the management pledges to promote the sustainable development of the Group and create long-term value for shareholder.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the year ended 31 December 2021 increased from approximately HKD1,557.1 million to approximately HKD2,285.1 million, representing a year-on-year increased by 46.8%. The increase was primarily derived from the revenue in the metro and billboards segment and bus and others segment due to global economy has gradually adapted to the new normal of the late-pandemic era in this year. The combined revenue of the Group, which includes the consolidated revenue of the Group and the total revenue of the Group's associated companies engaged in the media business as an operating information, reached approximately HKD3,182.6 million, representing a year-on-year increase of 43.9%.

The metro and billboards segment revenue increased by 40.8% from approximately HKD596.0 million in 2020 to approximately HKD838.9 million in 2021. This was primarily attributable to the increase in revenue from the new projects such as Shenzhen metro lines and Kunming metro line.

The airports segment revenue increased by 9.8% from approximately HKD693.0 million in 2020 to approximately HKD760.8 million in 2021. The increase was due to the number of domestic flights increased progressively since the initial COVID-19 outbreak in Mainland China.

The bus and others segment revenue increased by approximately HKD417.4 million or 155.7%, from approximately HKD268.1 million in 2020 to approximately HKD685.5 million in 2021, which was primarily attributable to the full year sales coverage of bus segment when comparing to last year. In addition, the agency business in respect of sales of advertising spaces in media resources operated by associated companies also contributed a double digital growth on sales.

Cost of Revenue

The cost of revenue increased by approximately HKD643.7 million, or 53.2%, from approximately HKD1,209.6 million in 2020 to approximately HKD1,853.3 million in 2021. The increase was primarily due to the concession fee payable from new projects.

Gross Profit and Gross Profit Margin

The gross profit in 2021 increased by approximately HKD84.3 million, or 24.3%, from approximately HKD347.5 million in 2020 to approximately HKD431.8 million and the gross profit margin slightly decreased from 22.3% in 2020 to 18.9% in 2021.

Selling and Marketing Expenses

The selling and marketing expenses increased by approximately HKD30.8 million, or 20.9% from approximately HKD147.6 million in 2020 to approximately HKD178.4 million in 2021. This increase was primarily attributable to the increase in employee benefit expenses which is in line with the increase in revenue.

Administrative Expenses

The administrative expenses increased by approximately HKD55.4 million, or 33.0%, from approximately HKD167.8 million in 2020 to approximately HKD223.2 million in 2021. The increase was primarily attributable to the removal on National policy on social insurance premiums.

Finance Costs, net

Net finance cost increased by approximately HKD68.3 million, or 30.2%, from approximately HKD226.4 million in 2020 to approximately HKD294.7 million in 2021. This was primarily attributable to the increase in interest expenses incurred from lease liabilities of HKFRS 16.

Share of net profit of Associates accounted for using the equity method

The share of results of investments in associates decreased by 109.5% from a share net of profit of approximately HKD14.8 million in 2020 to a share of net loss of approximately HKD1.4 million in 2021 due to decreased revenue from media under Tianjin Metro.

Income Tax Credit

Income tax credit increased by 180.0% from approximately HKD8.5 million in 2020 to approximately HKD23.8 million in 2021.

Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")

The EBITDA of the Group increased by approximately HKD239.1 million, or 23.1%, from approximately HKD1,033.9 million in 2020 to approximately HKD1,273.0 million in 2021.

Loss attributable to owners of the Company

Loss attributable to owners of the Company increased by approximately HKD9.8 million, or 6.0%, from approximately HKD163.4 million in 2020 to approximately HKD173.2 million in 2021. The loss was the net effect of the decrease in gross profit of the Group and as fully explained in the above.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group adopts a conservative approach for cash management and investment on funds. As the Group carries out business in the Mainland China and Hong Kong, most of our receipts and payments were denominated in Renminbi and Hong Kong dollars. As the conversion of Renminbi into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government, the directors of the Company consider that there is no significant exposure on the foreign exchange risk. The Group will closely monitor foreign exchange exposure and consider hedging significant exposure should the need arises.

Dividend Policy

The Company endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company adopts a dividend policy, which is based on the profit attributable to owners of the Company, and the distribution amount is up to 100% of the profit attributable to owners of the Company.

Liquidity and Financial Resources

The Group's cash and cash equivalents and restricted cash was approximately HKD418.9 million as at 31 December 2021, representing an increase of approximately HKD6.7 million compared with that as at 31 December 2020. As at 31 December 2021, the financial ratios of the Group were as follows:

	As at 31 December 2021	As at 31 December 2020
Current ratio (1)	**0.75**	0.82
Gearing ratio (2)	**Net cash**	Net cash

Notes:

(1) Current ratio is calculated by dividing current assets by current liabilities.

(2) Gearing ratio is calculated by dividing net debt by total equity.

Borrowings

The Group had bank borrowings as at 31 December 2021 in the sum of approximately HKD315.6 million. Out of the total borrowings, approximately HKD155.3 million was repayable within one year, while approximately HKD160.3 million was repayable after one year. The carrying amounts of bank borrowings are denominated in Hong Kong dollars and Renminbi.

No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Exposure to Interest Rate Risk

The Group's interest rate risk arises from interest-bearing short-term bank deposits and bank borrowings. Short-term bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bank borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group's interest rate risks arise primarily from variable rates bank borrowings. The management manages interest rate risks and controls such risks within a reasonable level by closely tracking changes in the macroeconomic environment and monitoring changes in current and projected interest rates on a regular basis, taking into account conditions in the domestic and international markets.

Pledge of Assets

As at 31 December 2021, the Group pledged its buildings and land use rights with carrying amount of approximately HKD22.9 million (31 December 2020: approximately HKD23.2 million), respectively to secure borrowings of the Group. The total secured borrowings as at 31 December 2021 amounted to approximately HKD0.9 million (31 December 2020: approximately HKD2.0 million).

Fund Raising Activities/Use of Proceeds

Subscription of perpetual subordinated convertible securities under specific mandate

On 4 June 2020, the Company entered into the subscription agreement which the Company has conditionally agreed to issue the perpetual subordinated convertible securities (the "2020 PSCS") in the principal amount of HKD20.0 million convertible into conversion shares at the initial conversion price of HKD5.1 per conversion share under specific mandate. The intended use of proceeds were disclosed in the circular issued by the Company dated 8 September 2020. The issuance of the 2020 PSCS in the principal amount of HKD20.0 million was completed on 10 November 2020. The net proceeds of approximately HKD19.8 million was received. As at 31 December 2021, the 2020 PSCS in the principal amount of HKD20.0 million has not been converted into conversion shares. For details, please refer to the announcements and the circular issued by the Company dated 4 June 2020, 8 September 2020 and 28 September 2020 respectively.

On 16 July 2021, the Company entered into the subscription agreement which the Company has conditionally agreed to issue perpetual subordinated convertible securities (the "2021 PSCS") in the principal amount of HKD75.0 million convertible into conversion shares at the initial conversion price of HKD2.43 per conversion share under specific mandate. The intended use of proceeds were disclosed in the circular issued by the Company dated 27 September 2021. The issuance of the 2021 PSCS in the principal amount of HKD75.0 million was completed on 1 November 2021. The net proceeds of approximately HKD74.7 million was received. As at 31 December 2021, the 2021 PSCS in the principal amount of HKD75.0 million has not been converted into conversion shares. For details, please refer to the announcements and the circular issued by the Company dated 16 July 2021, 27 September 2021 and 19 October 2021 respectively.

The use of proceeds was as follows:

As at 31 December 2021

Net proceeds raised *(approximately) HKD'000*	**Intended use of the net proceeds**	*(approximately) HKD'000*	**Actual used amount** *(approximately) HKD'000*	**Unutilized amount** *(approximately) HKD'000*	**Expected timeframe for application of the unutilized proceeds**	**Whether the proceeds are to be used according to the intention previously disclosed**
19,833 (Issue of 2020 PSCS)	General working capital (Payment of concession fee)	19,833	19,833	Nil	N/A	Yes
74,700 (Issue of 2021 PSCS)	General working capital (Payment of concession fee)	74,700	50,000	24,710	Next 3 months	Yes

As at 31 December 2020

Net proceeds raised *(approximately) HKD'000*	Intended use of the net proceeds	*(approximately) HKD'000*	Actual used amount *(approximately) HKD'000*	Unutilized amount *(approximately) HKD'000*	Expected timeframe for application of the unutilized proceeds	Whether the proceeds are to be used according to the intention previously disclosed
142,800 (Issue of subscription shares)	General working capital (Working capital and funding projects in the PRC and Singapore)	142,800	142,800	Nil	N/A	Yes
19,833 (Issue of 2020 PSCS)	General working capital (Payment of concession fee)	19,833	5,000	14,800	Next 12 months	Yes

Capital Expenditures

The Group's capital expenditures primarily comprise cash expenditures for property, plant and equipment, such as advertising facilities and furniture and office equipment. Our capital expenditures for the years ended 31 December 2021 and 2020 were approximately HKD67.9 million and HKD20.5 million, respectively.

Contingent liabilities

The Group had no material contingent liabilities outstanding as at 31 December 2021 and 31 December 2020.

Subsequent events

On 13 December 2021, the Company and Mr. Lam Tak Hing ("Mr. Lam") entered into (a) an agreement pursuant to which Mr. Lam has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the target properties at the consideration of RMB30.4 million (equivalent to approximately HKD37.5 million); and (b) a subscription agreement pursuant to which the Company has conditionally agreed to issue, and Mr. Lam has conditionally agreed to subscribe for, the perpetual subordinated convertible securities in the principal amount of HKD37.5 million ("2022 PSCS") . The aforesaid agreements were approved at the extraordinary general meeting held on 9 March 2022. The subscription of the 2022 PSCS is not yet completed and shall take place on or before 30 September 2022. For details, please refer to the circular of the Company dated 18 February 2022.

Under COVID-19 pandemic in early 2022, a series of precautionary and control measures have been and continued to be implemented across Mainland China and Hong Kong. The government adopted various strict measures including social distancing restriction and temporary lockdown after Chinese New Year 2022. Due to the suspension or limited service of transportation services in certain provinces in the PRC and Hong Kong to prevent the spread of the COVID-19, resulting in a decline in demand of advertising media.

Up to the date of this announcement, the Group is still in the process of assessing the impacts of the COVID-19 on the Group's overall performance and is currently unable to estimate the quantitative impacts to the Group. The Group will pay close attention to the development of the COVID-19 outbreak, continue to perform assessment of its impact and take relevant measures.

HUMAN RESOURCES

The Group offers competitive remuneration packages, including trainings, medical, insurance coverage and retirement benefits, to all employees in Hong Kong and in Mainland China. As at 31 December 2021, the Group has 1,135 employees (2020: 1,073 employees). The total salaries and related costs for the years ended 31 December 2021 and 2020 amounted to approximately HKD276.6 million and HKD216.9 million, respectively.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

CLOSURE OF REGISTER OF MEMBERS

Annual General Meeting

The register of members of the Company will be closed from Monday, 23 May 2022 to Thursday, 26 May 2022, both days inclusive, during which period no transfer of shares will be effected.

In order to determine who are eligible to attend and vote at the annual general meeting of the Company to be held on Thursday, 26 May 2022, the shareholders of the Company should ensure that all transfers documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 20 May 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

During the Year, the Company has complied with all the applicable code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except the deviations from code provisions A.2.1 and A.6.7 of the CG Code (which have been re-numbered as code provisions C.2.1 and C.1.6 of the CG Code respectively since 1 January 2022).

Under code provision A.2.1 of the CG Code (which has been re-numbered as code provision C.2.1 of the CG Code since 1 January 2022), the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lam Tak Hing, Vincent currently assumes the roles of both the chairman of the Board and the chief executive officer (the "CEO") of the Company. The Board considers that this structure could enhance the efficiency in formulation and implementation of the Company's strategies. The Board will review the need of appointing a suitable candidate to assume the role of the CEO when necessary.

Under code provision A.6.7 of the CG Code (which has been re-numbered as code provision C.1.6 of the CG Code since 1 January 2022), independent non-executive directors and non-executive directors should attend general meetings of the Company and develop a balanced understanding of shareholders' view. Due to other business engagement, a non-executive director was unable to attend the general meetings of the Company during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code for directors' securities transactions. All the directors have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 December 2021.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has together with the Board reviewed and approved the annual results for the year ended 31 December 2021.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

All the financial and other related information of the Company required by the Listing Rules will be published on the website of each of The Stock Exchange of Hong Kong Limited (https://www.hkexnews.hk) and the Company (https://www.asiaray.com/en/home/) in due course.

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

Hong Kong, 25 March 2022

As at the date of this announcement, the executive Directors are Mr. Lam Tak Hing, Vincent, Mr. Lam Ka Po and Mr. Kwan Tat Cheong; 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.