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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)**

**MAJOR TRANSACTION**  
**IN RELATION TO ADVERTISING RESOURCES**  
**OPERATION CONTRACT FOR HANGZHOU METRO LINES**

**ADVERTISING RESOURCES OPERATION CONTRACT**

The Board is pleased to announce that on 9 February 2023, Shanghai Asiaray entered into the Contract with Hangzhou Metro COM, pursuant to which Shanghai Asiaray was granted the exclusive concession rights to use and operate the advertising resources in Hangzhou Metro Lines with concession fees payable to Hangzhou Metro COM on a quarterly basis.

**LISTING RULES IMPLICATIONS**

Upon the implementation of HKFRS 16, the entering into of the Contract will require the Company to recognise the exclusive rights as right-of-use asset in the consolidated financial statements of the Group according to HKFRS 16. As such, the entering into of the Contract will be regarded as an acquisition of asset by the Group under Chapter 14 of the Listing Rules.

As the highest applicable Percentage Ratio of the transaction contemplated under the Contract is higher than 25% but lower than 100%, the entering into of the Contract constitutes a major transaction of the Company and is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for such approval. Media Cornerstone Limited, being a controlling Shareholder holding 254,921,500 Shares, representing approximately 53.59% of the issued Shares as at the date of this announcement, has given its written approval for the Contract and the transaction contemplated thereunder and such written approval can be accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting of the Company will be convened for the purpose of approving the Contract pursuant to Rule 14.44 of the Listing Rules.

A circular containing, amongst others, details of the Contract and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 2 March 2023. If additional time is required for preparing the circular, the Company will apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and thereafter publish an announcement in accordance with the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 9 February 2023, Shanghai Asiaray entered into the Contract with Hangzhou Metro COM, pursuant to which Shanghai Asiaray was granted the exclusive concession rights to use and operate the advertising resources in Hangzhou Metro Lines with concession fees payable to Hangzhou Metro COM on a quarterly basis.

## **THE CONTRACT**

Principal terms of the Contract are set out below:-

Date : 9 February 2023

Parties : (i) Shanghai Asiaray  
(ii) Hangzhou Metro COM

Subject matter : Shanghai Asiaray was granted the exclusive concession rights to use and operate the advertising resources in Hangzhou Metro Lines with concession fees payable to Hangzhou Metro COM.

**Term** : 5 years commencing on 1 January 2023 and ending on 31 December 2027, renewable for further 3 years from 1 January 2028 to 31 December 2030 subject to agreement between the parties to the Contract.

**Concession Fees** : The total concession fees for the Term payable to Hangzhou Metro COM is RMB253,990,000 (equivalent to approximately HK\$297,168,000), subject to adjustment if the advertising resources in Hangzhou Metro Lines available to Shanghai Asiaray vary.

The total value of the concession fees was determined by way of tender which was submitted to Hangzhou Metro COM in late December 2022 and had been prepared by the Group by reference to the indicators such as the expected revenue to be received by the Group from its existing and target customers.

**Guarantee** : Shanghai Asiaray agreed to pay 10% of the total concession fees for the Term to Hangzhou Metro COM, i.e. in the sum of RMB25,399,000 (equivalent to approximately HK\$29,717,000), as a Guarantee for the performance of the Contract and for the payment of the concession fees under the Contract, 50% of the Guarantee shall be in the form of cash and the remaining 50% shall be in the form of cash or bank guarantee(s) provided by such bank as approved by Hangzhou Metro COM.

## **INFORMATION OF THE GROUP**

### **The Company**

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, Macau and Southeast Asia.

## **Shanghai Asiaray**

Shanghai Asiaray was established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Shanghai Asiaray is principally engaged in out-of-home advertising media services in the PRC.

## **INFORMATION OF HANGZHOU METRO COM**

Hangzhou Metro COM was established in the PRC with limited liability. Hangzhou Metro COM is principally responsible for the operation and management of commercial projects of Hangzhou Metro, including the development and lease of underground commercial spaces and shops at various stations, the operation and management of above-station commercial complexes, and the operating business of derivative resources such as advertising and communications at various lines.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Hangzhou Metro COM and its ultimate beneficial owner are third parties independent of the Company and its connected persons under the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACT**

The Group is an outstanding out-of-home media group in Greater China with a strategic focus on mega transport advertising media management, including airport, metro line and high speed rail line.

Hangzhou is a key transportation hub in the PRC and a main connection to the rest of the country. The Contract would enable the Group to leverage on its existing exclusive concession rights to operate the advertising media resources in Hangzhou Metro Lines, creating an end-to-end media exposure strategy to capture the vast volume of commuters.

In compliance with HKFRS 16, the valuation of the right-of-use asset under the Contract prepared by an independent valuer in the sum of approximately RMB221,000,000 (equivalent to approximately HK\$258,570,000) (the "**Valuation**") would be recognised as asset being the fixed portion of the Company's future payments. Therefore, the Company believes that the Valuation is an appropriate value for recognising the right-of-use asset.

The terms of the Contract have been arrived at after arm's length negotiations between the parties. The Directors consider that the terms of the Contract and the transaction contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Upon the implementation of HKFRS 16, the entering into of the Contract will require the Company to recognise the exclusive rights as right-of-use asset in the consolidated financial statements of the Group according to HKFRS 16. As such, the entering into of the Contract will be regarded as an acquisition of asset by the Group under Chapter 14 of the Listing Rules.

As the highest applicable Percentage Ratio of the transaction contemplated under the Contract is higher than 25% but lower than 100%, the entering into of the Contract constitutes a major transaction of the Company and is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for such approval. Media Cornerstone Limited, being a controlling Shareholder holding 254,921,500 Shares, representing approximately 53.59% of the issued Shares as at the date of this announcement, has given its written approval for the Contract and the transaction contemplated thereunder and such written approval can be accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting of the Company will be convened for the purpose of approving the Contract pursuant to Rule 14.44 of the Listing Rules.

A circular containing, amongst others, details of the Contract and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 2 March 2023. If additional time is required for preparing the circular, the Company will apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and thereafter publish an announcement in accordance with the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Board”	the board of Directors
“Company”	Asiaray Media Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 1993)

“Contract”	the advertising resources operation contract dated 9 February 2023 entered into between Shanghai Asiaray and Hangzhou Metro COM in respect of the exclusive concession rights to use and operate the advertising resources in Hangzhou Metro Lines
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee to be provided by Shanghai Asiaray to Hangzhou Metro COM for the performance of the Contract and for the payment of the concession fees under the Contract
“Hangzhou Metro COM”	杭州地鐵商業經營管理有限公司 (Hangzhou Metro Commercial Operation and Management Co., Ltd.*), a company established in the PRC with limited liability on 30 March 2020. Hangzhou Metro COM is an enterprise directly under the Hangzhou Municipal Government
“Hangzhou Metro Lines”	Hangzhou metro line 2, line 4 and line 9
“HK\$”	Hong Kong Dollars, the lawful currency in Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standards 16 “ <i>Leases</i> ”
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Percentage Ratio(s)”	the percentage ratio(s) as defined under Rule 14.07 of the Listing Rules applied for determining the classification of notifiable transactions under the Listing Rules
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Asiaray”	上海雅仕維廣告傳播有限公司 (Shanghai Asiaray Advertising Media Company Limited*), a company established in the PRC with limited liability on 29 November 2006 and an indirect wholly-owned subsidiary of the Company
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of nominal value of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	5 years commencing on 1 January 2023 and ending on 31 December 2027
“%”	per cent

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

Hong Kong, 9 February 2023

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

*For illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00=HK\$1.17, such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.*

\* For identification purpose only