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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)

**DISCLOSEABLE TRANSACTION:
BEIJING METRO LINE 14
EXCLUSIVE CONCESSION RIGHTS AGREEMENT
FOR ADVERTISING AND MEDIA RESOURCES**

EXCLUSIVE CONCESSION RIGHTS AGREEMENT

The Board is pleased to announce that on 11 February 2019, Shanghai Asiaray entered into the Exclusive Concession Rights Agreement with Beijing MTR, pursuant to which Beijing MTR agreed to grant exclusive concession rights to Shanghai Asiaray to operate, manage, maintain and sales of advertising and media resources located at Beijing Metro Line 14.

LISTING RULES IMPLICATIONS

According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transaction under the Exclusive Concession Rights Agreement is higher than 5% but lower than 25%, the entering into of the Exclusive Concession Rights Agreement 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.

INTRODUCTION

On 11 February 2019, the Board is pleased to announce that Shanghai Asiaray entered the Exclusive Concession Rights Agreement with Beijing MTR. Pursuant to the Exclusive Concession Rights Agreement, Shanghai Asiaray was granted the exclusive concession rights to operate the advertising and media resources of Beijing Metro Line 14. Shanghai Asiaray shall be responsible for the operating, managing, maintaining and selling the advertising and media resources located at Beijing Metro Line 14.

EXCLUSIVE CONCESSION RIGHTS AGREEMENT

Principal Terms of the Exclusive Concession Rights Agreement

Date	:	11 February 2019
Parties	:	(i) Shanghai Asiaray (ii) Beijing MTR
Subject matter	:	Shanghai Asiaray was granted the exclusive concession rights to use and operate the advertising and media resources in Beijing Metro Line 14 operated by Beijing MTR with concession fees payable to Beijing MTR.
Agreement period	:	From 1 March 2019 to 16 June 2023. Term 1 : From 1 March 2019 to 29 February 2020 Term 2 : From 1 March 2020 to 28 February 2021 Term 3 : From 1 March 2021 to 28 February 2022 Term 4 : From 1 March 2022 to 28 February 2023 Term 5 : From 1 March 2023 to 16 June 2023 (each separately an “ Agreement Term ” and together, the “ Agreement Terms ”)

Concession Fees : Concession fee for each Agreement Term would be determined based on the annual revenue generated by Shanghai Asiaray from operation of the advertising and media resources of Beijing Metro Line 14 under the Exclusive Concession Rights Agreement. Shanghai Asiaray agreed to pay a minimum guaranteed fee if the annual revenue generated is equal to or is less than the Annual Target Revenue, and an agreed percentage of the annual revenue in addition to the minimum guaranteed fee if the annual revenue exceeds the Annual Target Revenue.

The minimum Concession Fees for all the Agreement Terms, being the sum of the minimum guaranteed fees, is RMB166,000,000 (equivalent to approximately HKD192,560,000) if the annual revenue generated by Shanghai Asiaray from operation of the advertising and media resources of Beijing Metro Line 14 under the Exclusive Concession Rights Agreement for each term is equal to or below the respective Annual Target Revenue.

The total value of Concession Fees was determined after arm's length negotiations between the parties to the Exclusive Concession Rights Agreement after taking into consideration the valuation of the right-of-use asset under the Exclusive Concession Rights Agreement prepared by an independent professional valuer in the sum of RMB152,227,000 (equivalent to approximately HKD176,583,000).

- Guarantee** : Shanghai Asiaray shall pay Beijing MTR a sum of RMB5,000,000 (equivalent to approximately HKD5,800,000) to be held on deposit as guarantee of the performance of the Exclusive Concession Rights Agreement. The Guarantee would be returned to Shanghai Asiaray within 10 working days from the end of the period of the Exclusive Concession Rights Agreement, given the Exclusive Concession Rights Agreement has not been extended and subject to any deductions from the Guarantee pursuant to the Exclusive Concession Rights Agreement.
- Payment** : Shanghai Asiaray shall pay Beijing MTR the minimum guaranteed fee for every three months' term within 10 working days before the start of each term. Shanghai Asiaray is required to engage an independent accounting firm to complete an audit report on the annual revenue generated by Shanghai Asiaray from operation of the advertising and media resources of Beijing Metro Line 14 within 60 days from the end of each Agreement Term. Any additional Concession Fee to the minimum guaranteed fee should be paid to Beijing MTR within 10 working days from the date of the audit report. Beijing MTR is entitled to charge interest for overdue payments from Shanghai Asiaray for the Concession Fees according to the interest rate issued by the People's Bank of China and is entitled to deduct RMB500,000 (equivalent to approximately HKD580,000) from the Guarantee as penalty for every 10 days of outstanding payment of annual Concession Fee unless Shanghai Asiaray has obtained written consent from Beijing MTR.

INFORMATION OF PARTIES TO THE EXCLUSIVE CONCESSION RIGHTS AGREEMENT

The Group

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.

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.

Beijing MTR

Beijing MTR was established in the PRC with limited liability. Beijing MTR is principally engaged in operation of part of the railway lines in Beijing, the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Beijing MTR and its beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules.

PRO FORMA FINANCIAL INFORMATION OF THE COMPANY

According to HKFRS 16 which took effect on 1 January 2019, the Company is required to recognize a right-of-use assets. As such, the adjusted total assets of the Company is as follow:

	<i>(HKD'000)</i>
Total Assets as at 30 June 2018	<u>1,358,479</u>
Adjusted by:	
Dividends declared	(50,160)
Right-of-use of assets in respect of 瓊海博鳌機場 (Qionghai Boao Airport*) (<i>note 1</i>)	17,400
Right-of-use of assets in respect of Beijing Metro Line 14 (<i>note 2</i>)	<u>176,583</u>
Adjusted Total Assets	<u><u>1,502,302</u></u>

Note 1: The valuation was conducted by an independent valuer. The estimated value of the right-of-use of the assets under the contract was RMB15,000,000 (equivalent to approximately HKD17,400,000).

Note 2: The valuation was conducted by an independent valuer. The estimated value of the right-of-use of the assets under the Exclusive Concession Rights Agreement is RMB152,227,000 (equivalent to approximately HKD176,583,000). The value of the Exclusive Concession Rights Agreement is on the basis of rights-of-use assets measured at cost, which comprise of: (i) the amount of the initial measurement of the lease liability; (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EXCLUSIVE CONCESSION RIGHTS AGREEMENT

Beijing Metro Line 14 is located at the capital city of the PRC. Beijing Metro Line 14 has 37 stations, connecting the northeast and southwest Beijing with a total length of 47.3 km.

The Directors believe that the entering into of the Exclusive Concession Rights Agreement would enable the Group to exert their strengths and grasp market opportunities in metro advertising market in the PRC and create a greater return for the Shareholders.

The terms of the Exclusive Concession Rights Agreement have been arrived at after arm's length negotiations between the parties. The Directors consider that the terms of the Exclusive Concession Rights Agreement and the transactions 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 IMPLICATION

According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transaction under the Exclusive Concession Rights Agreement is higher than 5% but lower than 25%, the entering into of the Exclusive Concession Rights Agreement 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

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

“Annual Target Revenue”	the target revenue for each Agreement Term agreed by Shanghai Asiaray and Beijing MTR pursuant to the Exclusive Concession Rights Agreement
“Beijing MTR”	北京京港地鐵有限公司 (Beijing MTR Corporation Limited*), a company established in the PRC with limited liability
“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)
“Directors”	the directors of the Company
“Exclusive Concession Rights Agreement”	the exclusive concession rights agreement dated 11 February 2019 entered into between Shanghai Asiaray and Beijing MTR in relation to, among other things, the grant of the exclusive concession right to Shanghai Asiaray to use and operate the advertising and media resources in Beijing Metro Line 14 operated by Beijing MTR
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong Dollars, the lawful currency in Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“km”	kilometer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“People’s Bank of China”	the central bank of the PRC established on 1 December 1948 confirmed by 3 rd Plenum of the 8 th National People’s Congress on 18 March 1995
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Asiaray”	上海雅仕維廣告有限公司 (Shanghai Asiaray Advertising Company Limited*), a company established in the PRC with limited liability on 27 April 1999 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
“%”	per cent.

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

Hong Kong, 11 February 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.

For illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HKD is based on the exchange rate of RMB1.00=HKD1.16.

* For identification purpose only