

*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.*



**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 4 AND DAXING LINE  
EXCLUSIVE CONCESSION RIGHTS AGREEMENT AND  
BEIJING METRO LINE 16  
EXCLUSIVE CONCESSION RIGHTS AGREEMENT  
FOR ADVERTISING AND MEDIA RESOURCES**

**EXCLUSIVE CONCESSION RIGHTS AGREEMENTS**

The Board is pleased to announce that on 31 December 2020, (i) Shanghai Asiaray, a wholly owned subsidiary of the Company, entered into the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement with Beijing MTR, pursuant to which Shanghai Asiaray was granted the exclusive rights to use and operate the advertising and media resources in Beijing Metro Line 4 and Daxing Line operated by Beijing MTR with concession fees payable to Beijing MTR; and (ii) Shanghai Asiaray entered into the Beijing Metro Line 16 Exclusive Concession Rights Agreement with Beijing MTR16, a wholly owned subsidiary of the Beijing MTR, pursuant to which Shanghai Asiaray was granted the exclusive rights to use and operate the advertising and media resources in Beijing Metro Line 16 operated by Beijing MTR16 with concession fees payable to Beijing MTR16.

## **LISTING RULES IMPLICATIONS**

The transactions contemplated under the Exclusive Concession Rights Agreements, in aggregate, will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the highest applicable percentage ratio of the transactions under the Exclusive Concession Rights Agreements when aggregated under Rule 14.22 of the Listing Rules is higher than 5% but lower than 25%, the entering into of the Exclusive Concession Rights Agreements 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.

Pursuant to HKFRS 16, the entering of the Exclusive Concession Rights Agreements will require the Group to recognise the rights as right-of-use asset in which the amount was approximately RMB138,656,000 (equivalent to approximately HKD164,862,000) calculated with reference to the aggregated present value of the fixed lease payments under the Exclusive Concession Rights Agreements, thus the entering into the Exclusive Concession Rights Agreements and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group. The value of the Exclusive Concession Rights Agreements is on the basis of right-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, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying assets during a particular period.

## **INTRODUCTION**

On 31 December 2020, (i) Shanghai Asiaray, a wholly owned subsidiary of the Company, entered into the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement with Beijing MTR, pursuant to which Shanghai Asiaray was granted the exclusive rights to use and operate the advertising and media resources in Beijing Metro Line 4 and Daxing Line operated by Beijing MTR with concession fees payable to Beijing MTR; and (ii) Shanghai Asiaray entered into the Beijing Metro Line 16 Exclusive Concession Rights Agreement with Beijing MTR16, a wholly owned subsidiary of the Beijing MTR, pursuant to which Shanghai Asiaray was granted the exclusive rights to use and operate the advertising and media resources in Beijing Metro Line 16 operated by Beijing MTR16 with concession fees payable to Beijing MTR16.

# **BEIJING METRO LINE 4 AND DAXING LINE EXCLUSIVE CONCESSION RIGHTS AGREEMENT**

## **Principal Terms of the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement**

- Date : 31 December 2020
- Parties : (i) Shanghai Asiaray; and  
(ii) Beijing MTR
- Subject matter : Shanghai Asiaray was granted the exclusive rights to use and operate the advertising and media resources in Beijing Metro Line 4 and Daxing Line operated by Beijing MTR with concession fees payable to Beijing MTR.
- Agreement period : From 1 January 2021 to 16 June 2023
- Concession Fees : Concession Fees for each relevant financial year would be determined based on the annual revenue generated from operation of the advertising and media resources. Pursuant to the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement, Shanghai Asiaray agreed to pay a guaranteed fee if the annual revenue for the respective year is equal to or is less than the Annual Target Revenue. If the annual revenue exceeds the Annual Target Revenue for the respective year, an additional Concession Fees is payable pursuant to the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement.

The guaranteed Concession Fees for the Agreement period, being the sum of the guaranteed fees, is approximately RMB132,813,000 (equivalent to approximately HKD157,915,000) if the annual revenue for the Agreement period 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 Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement after taking into consideration the valuation of the right-of-use asset under the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement prepared by an independent professional valuer in the sum approximately of RMB130,095,000 (equivalent to approximately HKD154,683,000).

Payment : Shanghai Asiaray agreed to pay Beijing MTR fixed concession fees quarterly (every 3 months). The first payment should be made 10 working days prior to the commencement of the Agreement Period at 1 January 2021, every subsequent payment should be made 10 working days prior to the commencement of the next quarter.

Shanghai Asiaray is required to engage an independent auditor to furnish an audited report on the annual revenue for the relevant financial year within 60 calendar days from the end of each financial year. Shanghai Asiaray shall pay Beijing MTR the additional Concession Fees for the year within 10 working days of the publish date of the audited report.

Guarantee : Shanghai Asiaray should provide Beijing MTR a sum of RMB10,000,000 (equivalent to approximately HKD11,890,000) in form of a bank guarantee as guarantee of the performance of the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement within 10 calendar days of the signing of the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement.

Shanghai Asiaray shall pay Beijing MTR a sum of RMB13,200,000 (equivalent to approximately HKD15,695,000) in form of bank deposit. The bank deposit would be returned to Shanghai Asiaray within 10 working days after the end of the period of the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement, given the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement has not been extended and subject to any deductions pursuant to the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement.

# **BEIJING METRO LINE 16 EXCLUSIVE CONCESSION RIGHTS AGREEMENT**

## **Principal Terms of the Beijing Metro Line 16 Exclusive Concession Rights Agreement**

- Date : 31 December 2020
- Parties : (i) Shanghai Asiaray; and  
(ii) Beijing MTR16
- Subject matter : Shanghai Asiaray was granted the exclusive rights to use and operate the Advertising and Media Resources in Beijing Metro Line 16 operated by Beijing MTR16 with concession fees payable to Beijing MTR16.
- Agreement period : From 1 January 2021 to 16 June 2023
- Concession Fees : Concession Fees for each relevant financial year would be determined based on the annual revenue generated from operation of the advertising and media resources. Pursuant to the Beijing Metro Line 16 Exclusive Concession Rights Agreement, Shanghai Asiaray agreed to pay a guaranteed fee if the annual revenue for the respective year is equal to or is less than the Annual Target Revenue. If the annual revenue exceeds the Annual Target Revenue for the respective year, an additional Concession Fees would be payable pursuant to the Beijing Metro Line 16 Exclusive Concession Rights Agreement.

The guaranteed Concession Fees for the Agreement period, being the sum of the guaranteed fees, is approximately RMB8,775,000 (equivalent to approximately HKD10,433,000) if the annual revenue for the Agreement period 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 Beijing Metro Line 16 Exclusive Concession Rights Agreement after taking into consideration the valuation of the right-of-use asset under the Beijing Metro Line 16 Exclusive Concession Rights Agreement prepared by an independent professional valuer in the sum of approximately RMB8,561,000 (equivalent to approximately HKD10,179,000).

Payment : Shanghai Asiaray agreed to pay Beijing MTR16 fixed concession fees quarterly (every 3 months). The first payment should be made 10 working days prior to the commencement of the Agreement period at 1 January 2021, every subsequent payment should be made 10 working days prior to the commencement of the next quarter.

Shanghai Asiaray is required to engage an independent auditor to furnish an audited report on the annual revenue for the relevant financial year within 60 calendar days from the end of each financial year. Shanghai Asiaray shall pay Beijing MTR16 the additional Concession Fees for the year within 10 working days of the publish date of the audited report.

Guarantee : Shanghai Asiaray shall pay Beijing MTR16 a sum of RMB700,000 (equivalent to approximately HKD832,300) in form of bank deposit as guarantee of the performance of the Beijing Metro Line 16 Exclusive Concession Rights Agreement within 10 calendar days of the signing of the Beijing Metro Line 16 Exclusive Concession Rights Agreement. The guarantee would be returned to Shanghai Asiaray within 10 working days after the end of the period of the Beijing Metro Line 16 Exclusive Concession Rights Agreement, given the Beijing Metro Line 16 Exclusive Concession Rights Agreement has not been extended and subject to any deductions from the guarantee pursuant to the Beijing Metro Line 16 Exclusive Concession Rights Agreement.

## **INFORMATION OF PARTIES TO THE EXCLUSIVE CONCESSION RIGHTS AGREEMENTS**

### **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, 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.

### **Beijing MTR**

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

### **Beijing MTR16**

Beijing MTR16 was established in the PRC with limited liability. Beijing MTR16 is a wholly-owned subsidiary of Beijing MTR and is principally engaged in operation of Beijing Metro Line 16 in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Beijing MTR, Beijing MTR16 and its beneficial owners, the People's Government of Beijing Municipality are third parties independent of the Company and its connected persons under the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EXCLUSIVE CONCESSION RIGHTS AGREEMENTS**

The Group is an outstanding out-of-home media group in Mainland China and Hong Kong with a strategic focus on airport, metro line and high speed rail advertising. The Group is also one of two out-of-home resources companies operating in the metro lines segment in Hong Kong.

Beijing Metro Line 4 and Daxing Line are located at the city of Beijing, PRC. It includes 35 stations with approximately 49.8 km of track. Beijing Metro Line 16 is located at the city of Beijing, PRC. It includes 29 stations with approximately 49.8 km of track.

The Directors believe that the entering into of the Exclusive Concession Rights Agreements 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 Agreements have been arrived at after arm's length negotiations between the parties. The Directors consider that the terms of the Exclusive Concession Rights Agreements 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**

The transactions contemplated under the Exclusive Concession Rights Agreements, in aggregate, will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the highest applicable percentage ratio of the transactions under the Exclusive Concession Rights Agreements when aggregated under Rule 14.22 of the Listing Rules is higher than 5% but lower than 25%, the entering into of the Exclusive Concession Rights Agreements 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.



Pursuant to HKFRS 16, the entering of the Exclusive Concession Rights Agreements will require the Group to recognise the rights as right-of-use asset in which the amount was approximately RMB138,656,000 (equivalent to approximately HKD164,862,000) calculated with reference to the aggregated present value of the fixed lease payments under the Exclusive Concession Rights Agreements, thus the entering into the Exclusive Concession Rights Agreements and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group. The value of the Exclusive Concession Rights Agreements is on the basis of right-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, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying assets during a particular period.

## **DEFINITIONS**

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

“Annual Target Revenue(s)”	the annual target revenue in each of the Exclusive Concession Rights Agreements
“Beijing”	the city of Beijing, capital of the PRC
“Beijing Metro Line 4 and Daxing Line”	a rapid transit line on the metro system of Beijing with a total length of 49.8 km and 35 stations
“Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement”	the agreement dated 31 December 2020 entered into between Shanghai Asiarray and Beijing MTR in relation to, among other things, the grant of the exclusive right to Shanghai Asiarray to use and operate the advertising and media resources in Beijing Metro Line 4 and Daxing Line operated by Beijing MTR
“Beijing Metro Line 16”	a rapid transit line on the metro system of Beijing with a total length of 49.8 km and 29 stations

“Beijing Metro Line 16 Exclusive Concession Rights Agreement”	the agreement dated 31 December 2020 entered into between Shanghai Asiaray and Beijing MTR16 in relation to, among other things, the grant of the exclusive right to Shanghai Asiaray to use and operate the advertising and media resources in Beijing Metro Line 16 operated by Beijing MTR16
“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
“Beijing MTR16”	北京京港十六號綫地鐵有限公司 (Beijing MTR16 Transport Group Co., Limited*), a wholly-owned subsidiary of Beijing MTR, established in the PRC with limited liability
“Board”	the board of directors of the Company
“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)
“Concession Fees”	concession fees payable by Shanghai Asiaray pursuant to the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement and Beijing Metro Line 16 Exclusive Concession Rights Agreement
“Directors”	the directors of the Company
“Exclusive Concession Rights Agreements”	the Beijing Metro Line 4 and Daxing Line Exclusive Concession Rights Agreement and Beijing Metro Line 16 Exclusive Concession Rights Agreement
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong Dollars, the lawful currency in Hong Kong
“HKFRS16”	Hong Kong Financial Reporting Standards 16 “Leases”

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“km”	kilometers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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

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

Hong Kong, 31 December 2020

*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.*

*For illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HKD is based on the exchange rate of RMB1.00=HKD1.189.*

\* For identification purpose only