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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)

CONTINUING CONNECTED TRANSACTIONS
TENANCY AGREEMENTS

PRC TENANCY AGREEMENTS

The Board wishes to announce that, on 30 June 2017, (i) Shanghai Asiaray, an indirect wholly-owned subsidiary of the Company, as tenant, entered into the Shanghai Office Tenancy Agreement with Asiaray China, as landlord, to lease the Shanghai Office for a term of three years from 1 July 2017 to 30 June 2020 (both days inclusive); and (ii) Beijing Asiaray, an indirect wholly-owned subsidiary of the Company, as tenant, entered into the Beijing Office Tenancy Agreement with Billion China, as landlord, to lease the Beijing Office for a term of three years from 1 July 2017 to 30 June 2020 (both days inclusive).

HK TENANCY AGREEMENTS

Other than the PRC Tenancy Agreements, each of Genesis Printing and Hong Kong Asiaray, being indirect wholly-owned subsidiaries of the Company, as tenant, has entered into the HK Warehouse Tenancy Agreement A and HK Warehouse Tenancy Agreement B with Peaky Limited, as landlord, to lease the HK Warehouse A and the HK Warehouse B, respectively.

LISTING RULES IMPLICATIONS

Each of Asiaray China, Billion China and Peaky Limited is wholly-owned by Mr. Lam, being an executive Director and controlling shareholder of the Company, and thus a connected person of the Company. Therefore, each of Asiaray China, Billion China and Peaky Limited is an associate of Mr. Lam and thus a connected person of the Company, and the transactions contemplated under each of the Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Tenancy Agreements were entered into by the Group with the companies wholly owned by Mr. Lam, pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, the transactions contemplated under the Tenancy Agreements should be aggregated for the purpose of calculating the percentage ratios.

As all of the applicable percentage ratios in respect of the annual caps for the transactions contemplated under the PRC Tenancy Agreements, after aggregating with the transactions contemplated under the HK Tenancy Agreements are, on an annual basis, less than 5%, the transactions contemplated under the PRC Tenancy Agreements are subject to reporting, annual review and announcement requirements but are exempted from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board wishes to announce that, on 30 June 2017, (i) Shanghai Asiaray, an indirect wholly-owned subsidiary of the Company, as tenant, entered into the Shanghai Office Tenancy Agreement with Asiaray China, as landlord, to lease the Shanghai Office for a term of three years from 1 July 2017 to 30 June 2020 (both days inclusive); and (ii) Beijing Asiaray, an indirect wholly-owned subsidiary of the Company, as tenant, entered into the Beijing Office Tenancy Agreement with Billion China, as landlord, to lease the Beijing Office for a term of three years from 1 July 2017 to 30 June 2020 (both days inclusive).

Other than the PRC Tenancy Agreements, each of Genesis Printing and Hong Kong Asiaray, being indirect wholly-owned subsidiaries of the Company, as tenant, has entered into the HK Warehouse Tenancy Agreement A and HK Warehouse Tenancy Agreement B with Peaky Limited, as landlord, to lease the HK Warehouse A and the HK Warehouse B, respectively.

The principal terms of the PRC Tenancy Agreements and the HK Tenancy Agreements are set out below.

PRC TENANCY AGREEMENTS

Shanghai Office Tenancy Agreement

- Date** : 30 June 2017
- Parties** : (1) Shanghai Asiaray, as tenant
(2) Asiaray China, as landlord
- Premises** : Units 2102–2104, No. 1027 Changning Road, Shanghai, PRC
- Term** : Three years from 1 July 2017 to 30 June 2020 (both days inclusive)
- Usage** : Office
- Rent** : RMB114,000 per month, payable half-yearly in arrears.
- Pricing Policy** : The rental payable under the Shanghai Office Tenancy Agreement has been determined after arm's length negotiations between Shanghai Asiaray and Asiaray China with reference to the indicative monthly rental value provided by an independent property valuer.

Beijing Office Tenancy Agreement

- Date** : 30 June 2017
- Parties** : (1) Beijing Asiaray, as tenant
(2) Billion China, as landlord
- Premises** : Part of an office premise on 31/F, Block C, Central International Trade Center, No. 6A, Jianguomenwai Avenue, Chaoyang District, Beijing, PRC
- Term** : Three years from 1 July 2017 to 30 June 2020 (both days inclusive)
- Usage** : Office
- Rent** : RMB347,300 per month, payable half-yearly in arrears.
- Pricing Policy** : The rental payable under the Beijing Office Tenancy Agreement has been determined after arm's length negotiations between Beijing Asiaray and Billion China with reference to the indicative monthly rental value provided by an independent property valuer.

HK TENANCY AGREEMENTS

HK Warehouse Tenancy Agreement A

- Date** : 1 September 2015
- Parties** : (1) Genesis Printing, as tenant
(2) Peaky Limited, as landlord
- Premises** : Part of Workshop A on 9/F, and Car Parking Space C4 on G/F, Supreme Industrial Building, No 15–17 Shan Mei Street, Shatin, New Territories
- Term** : Two years from 1 September 2015 to 31 August 2017 (both days inclusive)
- Use** : Warehouse and car parking space
- Rent** : HKD35,000 per month
- Pricing Policy** : The monthly rental was determined after arm's length negotiations between Genesis Printing and Peaky Limited with reference to the prevailing market rates at the same or similar type of premises in the vicinity when the HK Warehouse Tenancy Agreement A was entered into.

HK Warehouse Tenancy Agreement B

- Date** : 1 February 2016
- Parties** : (1) Hong Kong Asiaray, as tenant
(2) Peaky Limited, as landlord
- Premises** : Part of Workshop A on 9/F, Supreme Industrial Building, No 15–17 Shan Mei Street, Shatin, New Territories
- Term** : Two years from 1 March 2016 to 28 February 2018 (both days inclusive)
- Use** : Warehouse
- Rent** : HKD14,000 per month
- Pricing Policy** : The monthly rental was determined after arm's length negotiations between Hong Kong Asiaray and Peaky Limited with reference to prevailing market rates at the same or similar type of premises in the vicinity when the HK Warehouse Tenancy Agreement B was entered into.

HISTORICAL TRANSACTION AMOUNTS

The table below sets out the aggregate amount of rental paid by the Group annually to the companies wholly owned by Mr. Lam under the HK Tenancy Agreements for the financial years ended 31 December 2015 and 2016, respectively:

	For the financial year ended 31 December	
	2015 (HKD)	2016 (HKD)
HK Warehouse Tenancy Agreement A	140,000	420,000
HK Warehouse Tenancy Agreement B	—	154,000
Total	<u>140,000</u>	<u>574,000</u>

As all the applicable percentage ratios in respect of the aggregate amount of rental paid by the Group annually to the companies wholly owned by Mr. Lam under the HK Tenancy Agreements were less than 5% and such amount was less than HKD3,000,000, the transactions contemplated under the HK Tenancy Agreements were fully exempted from all disclosure requirements under Chapter 14A of the Listing Rules when they were entered into.

ANNUAL CAPS

Based on the rental payable under the HK Tenancy Agreements and the PRC Tenancy Agreements, the table below sets out the annual caps of the aggregate amount of annual rental payable by the Group to the companies wholly owned by Mr. Lam for the financial years ending 31 December 2017, 2018, 2019 and 2020:

	For the financial year ending 31 December			
	2017	2018	2019	2020
Shanghai Office Tenancy Agreement	RMB684,000 (approx. HKD786,000)	RMB1,368,000 (approx. HKD1,573,000)	RMB1,368,000 (approx. HKD1,573,000)	RMB684,000 (approx. HKD786,000)
Beijing Office Tenancy Agreement	RMB2,083,800 (approx. HKD 2,395,000)	RMB4,167,600 (approx. HKD 4,791,000)	RMB4,167,600 (approx. HKD 4,791,000)	RMB2,083,800 (approx. HKD 2,395,000)
HK Warehouse Tenancy Agreement A	HKD280,000	—	—	—
HK Warehouse Tenancy Agreement B	<u>HKD168,000</u>	<u>HKD28,000</u>	<u>—</u>	<u>—</u>
Cap (Approximately in HKD)	<u>HKD3,629,000</u>	<u>HKD6,392,000</u>	<u>HKD6,364,000</u>	<u>HKD3,181,000</u>

REASONS FOR AND BENEFITS OF ENTERING INTO THE PRC TENANCY AGREEMENTS

Shanghai Asiaray and Beijing Asiaray have been leasing the Shanghai Office and Beijing Office since 2003 and 2007 respectively, free of charge from Asiaray China and Billion China, both of which are wholly owned by Mr. Lam, with tenancy agreements renewable annually. Having considered the business needs of the Group and that stable sources of office and warehouse spaces are required for the operation and growth of the Group, the Board is of the view that the entering into of the PRC Tenancy Agreements is beneficial to the Group and the Shareholders as a whole as it enables the Group to secure a longer term of use of offices in the PRC where demand for office facilities is high so as to save relocation and administration costs. Mr. Lam has also expressly indicated to the Board that he may, at his sole discretion, waive the rent for any period of time.

The terms (including the monthly rents) of each of the PRC Tenancy Agreements were determined upon arm's length negotiations with reference to the valuation of the premises leased assessable by an independent property valuer. The Directors (including the independent non-executive Directors) are of the view that: (i) the terms of each of the PRC Tenancy Agreements are on normal commercial terms that are fair and reasonable; (ii) the proposed annual caps for the Tenancy Agreements are fair and reasonable; and (iii) the continuing connected transactions contemplated under each of the Tenancy Agreements are and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY, MR. LAM AND COMPANIES WHOLLY OWNED BY MR. LAM

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.

Mr. Lam

Mr. Lam is the executive Director, chairman, chief executive officer and controlling shareholder of the Company.

Asiaray China

Asiaray China was incorporated in Samoa with limited liability and is wholly owned by Mr. Lam. Asiaray China is principally engaged in investment in properties.

Billion China

Billion China was incorporated in Samoa with limited liability and is wholly owned by Mr. Lam. Billion China is principally engaged in investment in properties.

Peaky Limited

Peaky Limited was incorporated in Hong Kong with limited liability and is wholly owned by Mr. Lam. Peaky Limited is principally engaged in investment in properties.

LISTING RULES IMPLICATIONS

Each of Asiaray China, Billion China and Peaky Limited is wholly-owned by Mr. Lam, being an executive Director and controlling shareholder of the Company, and thus a connected person of the Company. Therefore, each of Asiaray China, Billion China and Peaky Limited is an associate of Mr. Lam and thus a connected person of the Company and the transactions contemplated under each of the Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the Tenancy Agreements were entered into by the Group with the companies wholly owned by Mr. Lam, pursuant to Rule 14A.81 and 14A.82 of the Listing Rules, the transactions contemplated under the Tenancy Agreements should be aggregated for the purpose of calculating the percentage ratios.

As all the applicable percentage ratios in respect of the annual caps for the transactions contemplated under the PRC Tenancy Agreements, after aggregating with the transactions contemplated under the HK Tenancy Agreements are, on an annual basis, less than 5%, the transactions contemplated under the PRC Tenancy Agreements are subject to the reporting, annual review and announcement requirements but are exempted from circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Lam, in view of his interest in each of Asiaray China and Billion China and Peaky Limited, is considered as having a material interest in the Tenancy Agreements and the transactions contemplated thereunder and accordingly has abstained from voting on the resolutions of the Board approving the Tenancy Agreements and the transactions contemplated thereunder.

Save as Mr. Lam, none of the Directors has any material interest in the Tenancy Agreements and no Directors were required to abstain from voting on the resolutions of the Board approving the Tenancy Agreements and the transactions contemplated thereunder.

Particulars of the Tenancy Agreements will be disclosed in the next published annual report of the Company in accordance with Rules 14A.71 and 14A.72 of the Listing Rules.

DEFINITIONS

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

“Asiaray China”	Asiaray China Media Limited (雅仕維中國媒體有限公司), a company established in Samoa with limited liability on 11 May 1999 and wholly owned by Mr. Lam
“associate(s)”	has the same meaning as ascribed thereto in the Listing Rules
“Beijing Asiaray”	Beijing Asiaray Advertising Company Limited* (北京雅仕維廣告有限公司), a company established in the PRC with limited liability on 9 July 1998 and an indirect wholly-owned subsidiary of the Company
“Beijing Office”	the premises situated at part of an office premise on 31/F, Block C, Central International Trade Center, No. 6A, Jianguomenwai Avenue, Chaoyang District, Beijing
“Beijing Office Tenancy Agreement”	the tenancy agreement entered into between Beijing Asiaray as tenant and Billion China as landlord dated 30 June 2017 for the lease of the Beijing Office
“Billion China”	Billion China International Limited (億華國際有限公司), a company established in Samoa with limited liability on 8 August 2005 and wholly owned by Mr. Lam
“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)
“connected person(s)”	has the same meaning as ascribed thereto under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Genesis Printing”	Genesis Printing and Production Limited, a company incorporated in Hong Kong with limited liability on 8 October 2007 and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Tenancy Agreements”	the HK Warehouse Tenancy Agreement A and the HK Warehouse Tenancy Agreement B
“HK Warehouse A”	the premises situated at part of Workshop A on 9/F, and Car Parking Space C4 on G/F, Supreme Industrial Building, No 15–17 Shan Mei Street, Shatin, New Territories
“HK Warehouse B”	the premises situated at part of Workshop A on 9/F, Supreme Industrial Building, No 15–17 Shan Mei Street, Shatin, New Territories
“HK Warehouse Tenancy Agreement A”	the tenancy agreement entered into between Genesis Printing as tenant and Peaky Limited as landlord dated 1 September 2015 for the lease of HK Warehouse A
“HK Warehouse Tenancy Agreement B”	the tenancy agreement entered into between Hong Kong Asiaray as tenant and Peaky Limited as landlord dated 1 February 2016 for the lease of HK Warehouse B
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Asiaray”	Hong Kong Asiaray Advertising Limited (香港雅仕維廣告有限公司), a company incorporated in Hong Kong with limited liability on 31 October 1995, and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lam”	Lam Tak Hing, alias Vincent Lam, the executive Director, chairman, chief executive officer and controlling shareholder of the Company
“Peaky Limited”	Peaky Limited, a company incorporated in Hong Kong with limited liability on 29 March 2011 and wholly owned by Mr. Lam
“PRC”	the People’s Republic of China
“PRC Tenancy Agreements”	the Shanghai Office Tenancy Agreement and the Beijing Office Tenancy Agreement
“RMB”	Renminbi, the lawful currency of the People’s Republic of China

“Shanghai Asiaray”	Shanghai Asiaray Advertising Company Limited* (上海雅仕維廣告有限公司), a company established in the PRC with limited liability on 27 April 1999 and an indirect wholly-owned subsidiary of the Company
“Shanghai Office”	the premise situated at Units 2102–2104, No. 1027 Changning Road, Shanghai
“Shareholder(s)”	holder(s) of the ordinary shares of nominal value of HKD0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shanghai Office Tenancy Agreement”	the tenancy agreement entered into between Shanghai Asiaray as tenant and Asiaray China as landlord dated 30 June 2017 for the lease of the Shanghai Office
“Tenancy Agreements”	the HK Tenancy Agreements and the PRC Tenancy Agreements
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this announcement is calculated at the exchange rate of RMB1 = HKD1.1497 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.

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

Hong Kong, 30 June 2017

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 SBS JP and Ms. Mak Ka Ling.