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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:  
WENZHOU METRO  
EXCLUSIVE CONCESSION RIGHTS AGREEMENT FOR ADVERTISING  
AND MEDIA RESOURCES**

**EXCLUSIVE CONCESSION RIGHTS AGREEMENT**

The Board is pleased to announce that on 22 March 2019, Shanghai Asiaray entered into the Exclusive Concession Rights Agreement with Wenzhou MTR, pursuant to which Shanghai Asiaray was granted the exclusive rights to use and operate the advertising and media resources in Wenzhou Metro Line S1 operated by Wenzhou MTR with concession fees payable to Wenzhou MTR. Pursuant to the Exclusive Concession Rights Agreement, Shanghai Asiaray and Wenzhou MTR agreed that the exclusive rights to use and operate the advertising and media resources in Wenzhou Metro Line S1 shall be assigned to the JV Company, a joint venture company to be established by Shanghai Asiaray, Wenzhou MTR and Wenzhou TV.

**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 22 March 2019, Shanghai Asiaray entered into the Exclusive Concession Rights Agreement with Wenzhou MTR, pursuant to which Shanghai Asiaray was granted the exclusive rights to use and operate the advertising and media resources in Wenzhou Metro Line S1 operated by Wenzhou MTR with concession fees payable to Wenzhou MTR. Pursuant to the Exclusive Concession Rights Agreement, Shanghai Asiaray and Wenzhou MTR agreed that the exclusive rights to use and operate the advertising and media resources in Wenzhou Metro Line S1 shall be assigned to the JV Company, a joint venture company to be established by Shanghai Asiaray, Wenzhou MTR and Wenzhou TV.

## **EXCLUSIVE CONCESSION RIGHTS AGREEMENT**

### Principal Terms of the Exclusive Concession Rights Agreement

- Date : 22 March 2019
- Parties : (i) Shanghai Asiaray  
(ii) Wenzhou MTR
- Subject matter : Shanghai Asiaray was granted the exclusive rights to use and operate the advertising and media resources for Type 1 Media, Type 2 Media and PIS Media in Wenzhou Metro Line S1 operated by Wenzhou MTR with concession fees payable to Wenzhou MTR. In addition, Shanghai Asiaray and Wenzhou MTR agreed that the exclusive rights to use and operate the advertising and media resources in Wenzhou Metro Line S1 operated by Wenzhou MTR shall be assigned to the JV Company, a joint venture company to be established by Shanghai Asiaray, Wenzhou MTR and Wenzhou TV.

Shanghai Asiaray and Wenzhou MTR agreed that the JV Company would enter into a separate agreement with Wenzhou MTR to use and operate the advertising and media resources for Type 2 Media and PIS Media in Wenzhou Metro Line S1.

Agreement period : 20 years from the commencement of Wenzhou Metro Line S1.  
Term 1 : Year 1 to 3, from the first day of operation of Wenzhou Metro Line S1 in 2019 to 31 December 2021  
Term 2 : Year 4 to 6, from 1 January 2022 to 31 December 2024  
Term 3 : Year 7 to 9, from 1 January 2025 to 31 December 2027  
Term 4 : Year 10 to 11, from 1 January 2028 to 31 December 2029  
Term 5 : Year 12 to 13, from 1 January 2030 to 31 December 2031  
Term 6 : Year 14 to 15, from 1 January 2032 to 31 December 2033  
Term 7 : Year 16 to 17, from 1 January 2034 to 31 December 2035  
Term 8 : Year 18 to 19, from 1 January 2036 to 31 December 2037  
Term 9 : Year 20, from 1 January 2038 to 31 December 2038  
(each separately an “**Agreement Term**” and together, the “**Agreement Terms**”)

Concession Fees : The minimum Concession Fees for all the Agreement Terms, being the sum of the minimum guaranteed fees, is RMB227,090,000 (equivalent to approximately HKD263,424,400).

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 RMB133,726,000 (equivalent to approximately HKD155,122,160).

Payment : The Concession Fee for Year 1 shall be adjusted according to the actual time the stations commence operation during 2019. Shanghai Asiarray agreed to pay Wenzhou MTR the Concession Fees every 3 months, payments are to be made upon the first 20 days of every 3 months.

## 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.

### Wenzhou MTR

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

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

## ADDITIONAL 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 瓊海博鰲機場 (Qionghai Boao Airport*) (note 1)	17,400
Right-of-use of assets in respect of Beijing Metro Line 14 (note 2)	176,583
Right-of-use of assets in respect of Yichang Sanxia Airport (note 3)	18,518
Right-of-use of assets in respect of Wenzhou Metro Line S1 (note 4)	<u>155,122</u>
Adjusted Total Assets	<u><u>1,675,942</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 in relation to Beijing Metro Line 14 is RMB152,227,000 (equivalent to approximately HKD176,583,000). Please refer to the announcement of the Company dated 11 February 2019.
- Note 3:* 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 in relation to Yichang Sanxia Airport is RMB15,964,000 (equivalent to approximately HKD18,518,240).
- Note 4:* 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 RMB133,726,000 (equivalent to approximately HKD155,122,160). 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**

Wenzhou Metro Line S1 is located at the city of Wenzhou, Zhejiang, the PRC. Wenzhou Metro Line S1 includes 20 stations with approximately 51.9 km of track.

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:

“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 to Wenzhou MTR pursuant to the Exclusive Concession Rights Agreement
“Directors”	the directors of the Company
“Exclusive Concession Rights Agreement”	the advertising resources leasing contract dated 22 March 2019 entered into between Shanghai Asiaray and Wenzhou MTR in relation to, among other things, the grant of the exclusive rights to Shanghai Asiaray to use and operate the advertising and media resources in Wenzhou Metro Line S1 operated by Wenzhou MTR, which shall be assigned to the JV Company
“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

“JV Company”	the joint venture company to be established by Shanghai Asiaray, Wenzhou TV and Wenzhou MTR pursuant to the Exclusive Concession Rights Agreement
“km”	kilometers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PIS Media”	passenger information system
“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
“Type 1 Media”	fixed advertising media resources, including but not limited to the advertising lightbox and LED/LCD electronic media within the stations, passageways and railways and standing display outside the stations
“Type 2 Media”	unfixed advertising media resources, including but not limited to various stickers (wall stickers, floor stickers, pillar stickers, gateway machine stickers etc.) flags, banners, posters in the train, creative media display etc.

“Wenzhou Metro Line S1”	the first phase of the Wenzhou metro system, begins at Panqiao Town in the west, south of Wenzhou South Railway Station, and ends at Peninsula No. 2 Station in the east, with approximately 51.9 km of track and 20 stations
“Wenzhou MTR”	溫州市鐵路與軌道交通投資集團有限公司 (Wenzhou Mass Transit Railway Investment Group Co., Limited*), a company established in the PRC with limited liability
“Wenzhou TV”	溫州廣播電視傳媒集團 (Wenzhou Radio Television Media Group*), a company established in the PRC with limited liability
“%”	per cent.

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

Hong Kong, 22 March 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