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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:
SHENZHEN METRO LINE 4
EXCLUSIVE CONCESSION RIGHTS AGREEMENT FOR
ADVERTISING AND MEDIA RESOURCES**

EXCLUSIVE CONCESSION RIGHTS AGREEMENT

The Board is pleased to announce that on 15 June 2020, Shanghai Asiaray entered into the Exclusive Concession Rights Agreement with the MTR (Shenzhen), pursuant to which Shanghai Asiaray was granted the exclusive rights to operate, manage, maintain and sale of the advertising and media resources in Shenzhen Metro Line 4 operated by MTR (Shenzhen) with concession fees payable to MTR (Shenzhen).

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 15 June 2020, the Shanghai Asiaray entered into the Exclusive Concession Rights Agreement with the MTR (Shenzhen), pursuant to which Shanghai Asiaray was granted the exclusive rights to operate, manage, maintain and sale of the advertising and media resources in Shenzhen Metro Line 4 operated by MTR (Shenzhen) with concession fees payable to MTR (Shenzhen).

EXCLUSIVE CONCESSION RIGHTS AGREEMENT

Principal Terms of the Exclusive Concession Rights Agreement

Date	:	15 June 2020
Parties	:	(i) Shanghai Asiaray (ii) MTR (Shenzhen)
Subject matter	:	Shanghai Asiaray was granted the exclusive rights to operate, manage, maintain and sale of the advertising and media resources in Shenzhen Metro Line 4 operated by MTR (Shenzhen) with concession fees payable to MTR (Shenzhen).
Agreement period	:	From 16 June 2020 to 30 June 2030 Term 1 : From 16 June 2020 to 30 June 2021 Term 2 : From 1 July 2021 to 30 June 2022 Term 3 : From 1 July 2022 to 30 June 2023 Term 4 : From 1 July 2023 to 30 June 2024 Term 5 : From 1 July 2024 to 30 June 2025 Term 6 : From 1 July 2025 to 30 June 2026 Term 7 : From 1 July 2026 to 30 June 2027 Term 8 : From 1 July 2027 to 30 June 2028 Term 9 : From 1 July 2028 to 30 June 2029 Term 10 : From 1 July 2029 to 30 June 2030

(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 Shenzhen Metro Line 4 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 approximately RMB462,000,000 (equivalent to approximately HKD505,000,000) if the annual revenue generated by Shanghai Asiaray from operation of the advertising and media resources of Shenzhen Metro Line 4 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 approximately RMB390,000,000 (equivalent to approximately HKD427,000,000).

Guarantee : Shanghai Asiaray shall pay MTR (Shenzhen) a sum of approximately RMB28,000,000 (equivalent to approximately HKD31,000,000) either in form of bank guarantee or 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 3 months 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 MTR (Shenzhen) a monthly minimum guaranteed fee for every months' term within 5 working days after the start of each calendar month. Shanghai Asiaray will provide a monthly advertising revenue report to MTR (Shenzhen) within 20 working days of each month. Shanghai Asiaray is required to engage a Big Four accounting firm to complete an audit report on the annual revenue generated by Shanghai Asiaray from operation of the advertising and media resources of Shenzhen Metro Line 4 within 60 days from the end of each Agreement Term. Any additional Concession Fee to the minimum guaranteed fee should be paid to MTR (Shenzhen) within 10 working days from the date of the audit report.

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, 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.

MTR (Shenzhen)

MTR (Shenzhen) was established in the PRC with limited liability. MTR (Shenzhen) is principally engaged in operation of Shenzhen Metro Line 4 in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, MTR (Shenzhen) and its beneficial owners 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 AGREEMENT

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.

Shenzhen Metro Line 4 is located at the city of Shenzhen, Guangdong, the PRC. Shenzhen Metro Line 4 is about 20.3 km with 15 stations, of which Fu Tian Kou An (Futian Port) station is connected to Lok Ma Chau station of Hong Kong MTR East Rail Line via Futian Port. The Group has commenced operation of advertising and media resources located at Shenzhen Metro Line 4 since June 2010.

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 MTR (Shenzhen) pursuant to the Exclusive Concession Rights Agreement
“Big Four accounting firm”	Deloitte Touche Tohmatsu, Ernst & Young Global Limited Liability Partnership, KPMG International Cooperative, and PricewaterhouseCoopers International Limited
“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 MTR (Shenzhen) pursuant to the Exclusive Concession Rights Agreement
“Directors”	the directors of the Company
“Exclusive Concession Rights Agreement”	the Exclusive Concession Rights Agreement dated 15 June 2020 entered into between Shanghai Asiaray and MTR (Shenzhen) in relation to, among other things, the grant of the exclusive right to Shanghai Asiaray to operate, manage, maintain and sale of the advertising and media resources in Shenzhen Metro Line 4 operated by MTR (Shenzhen)
“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”	kilometers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MTR (Shenzhen)”	港鐵交通(深圳)有限公司 (MTR Corporation (Shenzhen) Limited*), a company established in the PRC with limited liability on March 2004
“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
“Shenzhen Metro Line 4”	line 4 of the Shenzhen metro system, about 20.3km with 15 stations, of which Fu Tian Kou An (Futian Port) station is connected to Lok Ma Chau station of Hong Kong MTR East Rail Line via Futian Port
“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, 15 June 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=HKD1.094.

* For identification purpose only