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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:
CHENGDU INTERNATIONAL AIRPORT
TERMINAL 1 CONCESSION
RIGHTS AGREEMENTS FOR
ADVERTISING AND MEDIA RESOURCES**

CONCESSION RIGHTS AGREEMENTS

Reference is made to the announcement made by the Company on 7 August 2020, where Shanghai Asiaray entered into the Terminal 2 Agreement with the Chengdu Airport Media Company.

The Board is pleased to announce that on 10 August 2020, Shanghai Asiaray entered into the Terminal 1 Agreement with Chengdu Airport Media Company, where Shanghai Asiaray was granted the rights to use and operate the advertising and media resources in Terminal 1 of the Chengdu International Airport operated by Chengdu Airport Media Company with concession fees payable to Chengdu Airport Media Company.

LISTING RULES IMPLICATIONS

The transactions contemplated under the 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 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 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 Concession Rights Agreements will require the Group to recognise the rights as right-of-use asset in which the amount was RMB347,000,000 (equivalent to approximately HKD385,170,000) calculated with reference to the aggregated present value of the fixed lease payments under the Concession Rights Agreements, thus the entering into the Concession Rights Agreements and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group. The value of the Concession Rights Agreement 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

The Board is pleased to announce that on 10 August 2020, Shanghai Asiaray entered into the Terminal 1 Agreement with Chengdu Airport Media Company (together with the Terminal 2 Agreement, the “**Concession Rights Agreements**”), where Shanghai Asiaray was granted the rights to use and operate the advertising and media resources in Terminal 1 of the Chengdu International Airport operated by Chengdu Airport Media Company with concession fees payable to Chengdu Airport Media Company.

The Terminal 1 Agreement

- Date : 10 August 2020
- Parties : (i) Shanghai Asiaray
(ii) Chengdu Airport Media Company
- Subject matter : Shanghai Asiaray was granted the rights to use and operate the Advertising and Media Resources in Terminal 1 operated by Chengdu Airport Media Company with concession fees payable to Chengdu Airport Media Company.
- Agreement period : From 1 August 2021 to 31 December 2026

Term 1 : From 1 August 2021 to 31 December 2021
Term 2 : From 1 January 2022 to 31 December 2022
Term 3 : From 1 January 2023 to 31 December 2023
Term 4 : From 1 January 2024 to 31 December 2024
Term 5 : From 1 January 2025 to 31 December 2025
Term 6 : From 1 January 2026 to 31 December 2026

(each separately an “**Agreement Term**” and together, the “**Agreement Terms**”)

- Concession Fees : Concession Fee for Terminal 1 consists of a minimum concession fee of RMB65,000,000 (equivalent to approximately HKD72,150,000) subject to additional concession fees determined based on the annual aggregate passenger traffic of each Agreement Term of the Chengdu International Airport.

The total value of Concession Fees was determined after arm’s length negotiations between the parties to the Terminal 1 Agreement after taking into consideration the valuation of the right-of-use asset under the Terminal 1 Agreement prepared by an independent professional valuer in the sum of RMB59,027,000 (equivalent to approximately HKD65,520,000).

- Guarantee : Shanghai Asiaray shall pay Chengdu Airport Media Company a sum of RMB6,355,000 (equivalent to approximately HKD7,054,000) either in form of bank guarantee or to be held on deposit as guarantee of the performance of the Terminal 1 Agreement within 10 business days from the signing of the Terminal 1 Agreement. The Guarantee would be returned to Shanghai Asiaray after the end of the agreement period, given the Terminal 1 Agreement has not been extended and subject to any deductions from the Guarantee pursuant to the Terminal 1 Agreement.
- Extension : If Shanghai Asiaray has the intention to extend the Terminal 1 Agreement, they should lodge a written application of extension to Chengdu Airport Media Company at least 6 calendar months prior to the end of the agreement period.
- Payment : The Concession Fee will be paid in a prepaid basis from Shanghai Asiaray to Chengdu Airport Media Company.

Both parties agreed no Concession Fee is required for Term 1.

From Term 2 to Term 6, Shanghai Asiaray shall pay Chengdu Airport Media Company prepaid Concession Fee quarterly before every 24 December, 24 March, 23 June and 23 September since December 2021. The prepayments are calculated based on an estimate passenger traffic by the Parties. The fourth quarterly prepayment for each Agreement Term (the payment to be paid before 23 September of each Agreement Term) since Term 2 would be adjusted in accordance with the Official Passenger Traffic Figures of January to August of the previous Agreement Term to be announced on September of each Agreement Term.

The Concession Fees for each Agreement Term would be finalized by the announcement of Official Passenger Traffic Figures for the Agreement Term, which would be announced the following year. Any difference in the actual Concession Fees and the prepaid Concession Fees for each Agreement Term should be settled by Chengdu Airport Media Company or Shanghai Asiaray within 15 days from the announcement of Official Passenger Traffic Figures.

INFORMATION OF PARTIES TO THE CONCESSION RIGHTS AGREEMENTS

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, 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.

Chengdu Airport Media Company

Chengdu Airport Media Company was established in the PRC with limited liability. Chengdu Airport Media Company is principally engaged in operation of the airports in Chengdu in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Chengdu Airport Media Company 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 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.

Chengdu International Airport is an airport constructed to serve Chengdu, the capital of Sichuan Province of PRC, expected to commence operation in 2021. The Group is developing with an extensive nationwide network with concession rights to operate media resources covering nearly 40 cities in Greater China, with 33 airports. The Directors believe that the entering into of the Concession Rights Agreements would enable the Group to further exert their strengths and grasp market opportunities in the airport advertising market in the PRC and create a greater return for the Shareholders.

The terms of the Concession Rights Agreements have been arrived at after arm's length negotiations between the Parties. The Directors consider that the terms of the 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 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 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 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 Concession Rights Agreements will require the Group to recognise the rights as right-of-use asset in which the amount was RMB347,000,000 (equivalent to approximately HKD385,170,000) calculated with reference to the aggregated present value of the fixed lease payments under the Concession Rights Agreements, thus the entering into of the Concession Rights Agreements and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group. The value of the Concession Rights Agreement 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:

“Advertising and Media Resources”	advertising and media resources in Terminal 1 as stated in the Concession Rights Agreements
“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 Chengdu Airport Media Company pursuant to the Concession Rights Agreements
“Chengdu Airport Media Company”	成都國際機場廣告傳媒有限公司 (Chengdu International Airport Advertising and Media limited*), a company established in the PRC with limited liability
“Chengdu International Airport”	成都天府國際機場 (Chengdu Tianfu International Airport*) is an airport constructed to serve Chengdu, the capital of Sichuan Province of the PRC
“Concession Rights Agreements”	the Terminal 1 Agreement dated 10 August 2020 and the Terminal 2 Agreement dated 7 August 2020 entered into between Shanghai Asiaray and Chengdu Airport Media Company in relation to, among other things, the grant of the right to Shanghai Asiaray to use and operate the advertising and media resources in Terminal 1 and Terminal 2 operated by Chengdu Airport Media Company with concession fees payable to Chengdu Airport Media Company
“Directors”	the directors of the 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
“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 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
“Terminal 1”	terminal 1 of Chengdu International Airport
“Terminal 1 Agreement”	the concession rights agreement dated 10 August 2020 entered into between Shanghai Asiaray and Chengdu Airport Media Company in relation to, among other things, the grant of the right to Shanghai Asiaray to use and operate the Advertising and Media Resources in Terminal 1 operated by Chengdu Airport Media Company with concession fees payable to Chengdu Airport Media Company respectively
“Terminal 2”	terminal 2 of Chengdu International Airport

“Terminal 2 Agreement”

the concession rights agreement dated 7 August 2020 entered into between Shanghai Asiaray and Chengdu Airport Media Company in relation to, among other things, the grant of the right to Shanghai Asiaray to use and operate the Advertising and Media Resources in Terminal 2 operated by Chengdu Airport Media Company with concession fees payable to Chengdu Airport Media Company respectively

“%”

per cent

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

Hong Kong, 10 August 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 Director 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=HKD1.11.

* *For identification purpose only*