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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:
KUNMING METRO LINE 3 EXCLUSIVE CONCESSION
RIGHTS AGREEMENT FOR
ADVERTISING AND MEDIA RESOURCES**

EXCLUSIVE CONCESSION RIGHTS AGREEMENT

The Board is pleased to announce that on 9 December 2020, Shanghai Asiaray, a wholly owned subsidiary of the Company, entered into the Exclusive Concession Rights Agreement with the Kunming Railway, pursuant to which Shanghai Asiaray was granted the exclusive rights to use and operate the Advertising and Media Resources in Kunming Metro Line 3 operated by Kunming Railway with concession fees payable to Kunming Railway. Pursuant to the Exclusive Concession Rights Agreement, Shanghai Asiaray and Kunming Railway agreed that the exclusive rights to use and operate the Advertising and Media Resources in Kunming Metro Line 3 shall be assigned to the Newly Formed PRC Company to be established by Shanghai Asiaray and Kunming MTR, a wholly-owned subsidiary of Kunming Railway. The Newly Formed PRC Company will become the indirect non-wholly owned subsidiary of the Company.

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 9 December 2020, Shanghai Asiaray, a wholly owned subsidiary of the Company, entered into the Exclusive Concession Rights Agreement with the Kunming Railway, pursuant to which Shanghai Asiaray was granted the exclusive rights to use and operate the Advertising and Media Resources in Kunming Metro Line 3 operated by Kunming Railway with concession fees payable to Kunming Railway. Pursuant to the Exclusive Concession Rights Agreement, Shanghai Asiaray and Kunming Railway agreed that the exclusive rights to use and operate the Advertising and Media Resources in Kunming Metro Line 3 shall be assigned to the Newly Formed PRC Company to be established by Shanghai Asiaray and Kunming MTR, a wholly-owned subsidiary of Kunming Railway. The Newly Formed PRC Company will become the indirect non-wholly owned subsidiary of the Company.

EXCLUSIVE CONCESSION RIGHTS AGREEMENT

Principal Terms of the Exclusive Concession Rights Agreement:

Date: 9 December 2020

Parties: (i) Shanghai Asiaray
(ii) Kunming Railway

Subject matter: Shanghai Asiaray was granted the exclusive rights to use and operate the Advertising and Media Resources in Kunming Metro Line 3 operated by Kunming Railway with concession fees payable to Kunming Railway. In addition, Shanghai Asiaray and Kunming Railway agreed that the exclusive rights to use and operate the Advertising and Media Resources in Kunming Metro Line 3 operated by Kunming Railway shall be assigned to the Newly Formed PRC Company to be established by Shanghai Asiaray and Kunming MTR, a wholly-owned subsidiary of Kunming Railway. The Newly Formed PRC Company will become the indirect non-wholly owned subsidiary of the Company.

Agreement period: 8 years (96 months) upon the grant of exclusive rights of the Advertising and Media Resources to Shanghai Asiaray

Concession Fees:

Concession Fee for each relevant financial year would be determined based on the annual revenue generated by the Newly Formed PRC Company from operation of the Advertising and Media Resources. Pursuant to the Exclusive Concession Rights Agreement, the Newly Formed PRC Company agreed to pay a fixed concession fee every year if the fixed concession fee exceeds 50% of the annual revenue generated for the relevant financial year. If the fixed concession fee for the relevant financial year is less than 50% of the annual revenue generated for the relevant financial year, the Newly Formed PRC Company would pay Kunming Railway an additional concession fee being the difference between the fixed concession fee paid during the relevant financial year and 50% of the annual revenue generated for the relevant year.

The fixed concession fee for the entire agreement period is approximately RMB207,302,000 (equivalent to approximately HKD239,952,000). The 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 RMB185,280,000 (equivalent to approximately HKD214,462,000).

Payment:

The fixed concession fees for the entire agreement period is RMB207,302,000 (equivalent to HKD239,952,000). The first payment should be made within 15 working days upon the grant of exclusive rights of Advertising and Media Resources to Shanghai Asiarray, every subsequent payment should be made 3 working days prior to the commencement of the next quarter payable by the Newly Formed PRC Company.

Shanghai Asiaray is required to engage an independent auditor to complete an audited report on the annual revenue generated by the Newly Formed PRC Company within 3 months from the end of each financial year. The Newly Formed PRC Company shall pay Kunming Railway the difference of the fixed concession fee and 50% of the annual revenue generated during the relevant financial year within 30 calendar days of the publish date of the audited report.

Guarantee: Shanghai Asiaray shall pay Kunming Railway a sum of approximately RMB6,478,000 (equivalent to approximately HKD7,498,000) in form of an unconditional, irrevocable and effective bank guarantee from a bank approved by Kunming Railway as guarantee of the performance of the Exclusive Concession Rights Agreement within 30 calendar days of the signing of the Exclusive Concession Rights Agreement. The guarantee would be returned to Shanghai Asiaray at 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.

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, 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.

Kunming Railway

Kunming Railway was established in the PRC with limited liability and is a municipal wholly-owned state-owned company. Kunming Railway is principally engaged in operation of railway projects in the PRC. The ultimate shareholder of Kunming Railway is 昆明市人民政府國有資產監督管理委員會(State-owned Assets Supervision and Administration Commission of Kunming Municipal People's Government*).

Kunming MTR

Kunming MTR was established in the PRC with limited liability. Kunming MTR is a wholly-owned subsidiary of Kunming Railway and is principally engaged in operation of railway lines in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Kunming MTR, Kunming Railway and its beneficial owners 昆明市人民政府國有資產監督管理委員會(State-owned Assets Supervision and Administration Commission of Kunming Municipal People's Government*) 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 was granted exclusive rights to use and operate the advertising and media resources in 15 airports in Yunnan Province.

Kunming Metro Line 3 is located at the city of Kunming, Yunnan, the PRC. Kunming Metro Line 3 includes 20 stations with approximately 23.35 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:

“Advertising and Media Resources”	the advertising and media resources in Kunming Metro Line 3 operated by Kunming Railway pursuant to the Exclusive Concession Rights Agreement
“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 the Newly Formed PRC Company to Kunming Railway pursuant to the Exclusive Concession Rights Agreement
“Directors”	the directors of the Company
“Exclusive Concession Rights Agreement”	the Exclusive Concession Rights Agreement dated 9 December 2020 entered into between Shanghai Asiaray and Kunming Railway 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 Kunming Metro Line 3 operated by Kunming Railway
“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
“Kunming”	the capital city of Yunnan province, PRC
“Kunming Metro Line 3”	the third transit line on the metro system of Kunming with a total length of 23.35 km (14.90 mi) and 20 stations
“Kunming MTR”	昆明地鐵營運有限公司 (Kunming Metro Operation Co., Limited*), a wholly-owned subsidiary of Kunming Railway, established in the PRC with limited liability
“Kunming Railway”	昆明軌道交通集團有限公司 (Kunming Railway Transit Group Co., Limited*), a company established in the PRC with limited liability
“km”	kilometers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Newly Formed PRC Company”	a company to be established with limited liability in the PRC by Shanghai Asiaray and Kunming MTR pursuant to the Exclusive Concession Rights Agreement
“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
“Shares”	ordinary shares of nominal value of HK\$0.10 each in the share capital of the Company

“Shareholders”	holders of the Shares
“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, 9 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=HKD1.1575.

* *For identification purpose only*