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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of directors (the "Board") of Asiaray Media Group Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding period of 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
	Note	***HKD'000***	*HKD'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**983,649**	643,663
Cost of revenue		**(827,175)**	(454,927)
Gross profit		**156,474**	188,736
Selling and marketing expenses		**(83,089)**	(65,499)
Administrative expenses		**(100,403)**	(77,627)
Net impairment losses on financial assets		**(7,548)**	(8,595)
Other income	*6*	**17,572**	11,831
Other gains/(losses), net	*7*	**19,495**	(207)
Operating profit	*5*	**2,501**	48,639

	Note	Six months ended 30 June 2021 HKD'000 (Unaudited)	2020 HKD'000 (Unaudited)
Finance income	8	**1,038**	1,282
Finance costs	8	**(150,453)**	(105,977)
Finance costs, net	8	**(149,415)**	(104,695)
Share of net profit of associates accounted for using the equity method	4	**4,433**	2,980
Loss before income tax		**(142,481)**	(53,076)
Income tax credit	9	**28,814**	5,240
Loss for the period		**(113,667)**	(47,836)
Other comprehensive income			
Items that may be reclassified to profit or loss			
– Net losses from changes in financial assets at fair value through other comprehensive income, net of tax		**(74)**	(714)
– Currency translation differences		**12,026**	(9,711)
– Reclassification of currency translation differences to profit or loss upon disposal of a subsidiary		**96**	–
		12,048	(10,425)
Total comprehensive loss for the period		**(101,619)**	(58,261)
(Loss)/Profit attributable to:			
Owners of the Company		**(119,335)**	(74,683)
Non-controlling interests		**5,668**	26,847
Loss for the period		**(113,667)**	(47,836)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(107,866)**	(83,544)
Non-controlling interests		**6,247**	25,283
Total comprehensive loss for the period		**(101,619)**	(58,261)
Loss per share attributable to owners of the Company for the period (expressed in HK cents per share)			
– Basic and diluted	10	**(25.8)**	(17.4)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2021** *HKD'000* **(Unaudited)**	As at 31 December 2020 *HKD'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**128,198**	74,126
Right-of-use assets	*14*	**4,258,706**	3,469,728
Investment properties		**68,880**	10,997
Intangible assets		**18,031**	19,197
Investments accounted for using the equity method		**59,665**	50,629
Financial assets at fair value through profit or loss		**7,378**	7,378
Financial assets at fair value through other comprehensive income		**7,660**	7,734
Deferred income tax assets		**243,369**	196,958
Other receivables and deposits	*12*	**11,241**	13,068
		4,803,128	3,849,815
Current assets			
Inventories		**5,991**	4,017
Trade and other receivables	*12*	**972,148**	1,011,189
Restricted cash		**35,129**	33,753
Cash and cash equivalents		**325,297**	378,509
		1,338,565	1,427,468
Total assets		**6,141,693**	5,277,283
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**47,568**	47,568
Reserves		**262,549**	247,453
		310,117	295,021
Non-controlling interests		**87,257**	79,731
Total equity		**397,374**	374,752

	Note	As at 30 June 2021 HKD'000 (Unaudited)	As at 31 December 2020 HKD'000 (Audited)
Liabilities			
Non-current liabilities			
Borrowings		**133,050**	80,641
Lease liabilities	*14*	**3,729,249**	3,077,028
Deferred income tax liabilities		**2,473**	2,331
		3,864,772	3,160,000
Current liabilities			
Trade and other payables	*13*	**253,013**	291,487
Contract liabilities		**147,449**	127,388
Financial liabilities at fair value through profit or loss		**7,800**	7,800
Borrowings		**137,358**	222,188
Current income tax liabilities		**13,497**	13,851
Lease liabilities	*14*	**1,320,430**	1,079,817
		1,879,547	1,742,531
Total liabilities		**5,744,319**	4,902,531
Total equity and liabilities		**6,141,693**	5,277,283

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Asiaray Media Group Limited ("the Company") was incorporated in the Cayman Islands on 20 May 2014 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 January 2015.

The Company is an investment holding company. The Company and its subsidiaries ("the Group") 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 People's Republic of China (the "PRC") including Hong Kong and Macau, and Southeast Asia.

The condensed consolidated interim financial information are presented in Hong Kong dollars ("HKD") and all figures are rounded to the nearest thousand (HKD'000), unless otherwise stated, and has been approved for issued by the Company's board of directors (the "Board") on 27 August 2021.

2 BASIS OF PREPARATION

This interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting". The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The Group's current liabilities exceeded its current assets by HKD540,982,000 as at 30 June 2021 (31 December 2020: HKD315,063,000). The net current liabilities were mainly attributable to (i) recognition of lease liabilities of HKD1,320,430,000 (31 December 2020: HKD1,079,817,000) in current liabilities and HKD3,729,249,000 (31 December 2020: HKD3,077,028,000) in non-current liabilities respectively, while the associated right-of-use assets amounting to HKD4,258,706,000 (31 December 2020: HKD3,469,728,000) were recognised in non-current assets.

The directors of the Company are of the opinion that the Group's available sources of funds, including (i) the Group had unutilised banking facilities of approximately HKD240,000,000, (ii) issuance of perpetual subordinated convertible securities ("PSCS") in principal amount of HKD75,000,000 and unutilised banking facilities of approximately HKD64,900,000 subsequent to period end, (iii) the Group's expected net cash inflows from its operating activities in the next twelve months and (iv) the continuous support from its banks by providing loans and banking facilities to the Group, are sufficient to fulfil financial obligations as and when they fall due in the coming twelve months from 30 June 2021. Accordingly, these consolidated interim financial information have been prepared on a going concern basis.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, except for the adoption of new and amended standards as set out below.

(a) Amended standards adopted by the Group

The following new amendments to standards were required to be adopted by the Group effective from 1 January 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The amended standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New and amended standards not yet adopted

Certain new and amended standards have been published that are not mandatory for financial period beginning 1 January 2021 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
2021 Amendment to HKFRS 16	Leases – COVID-19 Rent related concessions	1 January 2022
Annual Improvement Project	Annual Improvements to HKFRS Standards 2018 – 2020	1 January 2022
Amendments to HKFRS 3	Update reference to the conceptual framework	1 January 2022
Amendments to HKAS 16	Proceeds before intended use	1 January 2022
Amendments to HKFRS 37	Onerous contracts – costs of fulfilling a contract	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimate	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
HK-Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has commenced an assessment of the impact of these new and amended standards, but is not yet in a position to state whether they would have significant impacts on its results of operations and financial position.

3 SIGNIFICANT ESTIMATES

The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

4 SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision-maker. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Executive Directors has determined the operating segments based on these reports.

The Executive Directors considered the business from product perspective, and determined that the Group has the following operating segments:

- Airport business — operation of advertising services in airports;

- Metro and Billboards business — operation of advertising services in metro lines and billboards and building solutions; and

- Bus and other business — operation of advertising service in bus exterior & interior, and bus shelter, and also advertising services from other media spaces.

The chief operating decision-maker assesses the performance of the operating segments mainly based on revenue and gross profit of each operating segment. Majority of the businesses of the Group are carried out in Mainland China and Hong Kong during the period. Selling and marketing expenses and administrative expenses are common costs incurred for the operating segments as a whole and therefore they are not included in the measure of the segments' performance which is used by the chief operating decision-maker as a basis for the purpose of resource allocation and assessment of segment performance. Other income, other gains, net, finance costs, net and income tax expense are also not allocated to individual operating segment.

There are no segment assets and liabilities information provided to chief operating decision-maker.

The segment information for the operating segments is as follows:

	Airport business *HKD'000*	Metro and Billboards business *HKD'000*	Bus and other business *HKD'000*	Total *HKD'000*
(Unaudited)				
Six months ended 30 June 2021				
Revenue	**379,877**	**353,737**	**250,035**	**983,649**
Cost of revenue	**(252,166)**	**(322,300)**	**(252,709)**	**(827,175)**
Gross profit/(loss)	**127,711**	**31,437**	**(2,674)**	**156,474**
Share of net profit/(loss) of associates accounted for using the equity method	**8,816**	**(3,879)**	**(504)**	**4,433**
Segment results	**136,527**	**27,558**	**(3,178)**	**160,907**
Selling and marketing expenses				**(83,089)**
Administrative expenses				**(100,403)**
Net impairment losses on financial assets				**(7,548)**
Other income				**17,572**
Other gains, net				**19,495**
Finance income				**1,038**
Finance costs				**(150,453)**
Finance costs, net				**(149,415)**
Loss before income tax				**(142,481)**

	Airport business *HKD'000*	Metro and Billboards business *HKD'000*	Other business *HKD'000*	Total *HKD'000*
(Unaudited)				
Six months ended 30 June 2020				
Revenue	346,901	222,595	74,167	643,663
Cost of revenue	(177,406)	(220,431)	(57,090)	(454,927)
Gross profit	169,495	2,164	17,077	188,736
Share of net profit of associates accounted for using the equity method	2,613	367	–	2,980
Segment results	172,108	2,531	17,077	191,716
Selling and marketing expenses				(65,499)
Administrative expenses				(77,627)
Net impairment losses on financial assets				(8,595)
Other income				11,831
Other losses, net				(207)
Finance income				1,282
Finance costs				(105,977)
Finance costs, net				(104,695)
Loss before income tax				(53,076)

Revenue consisted of the following:

	Six months ended 30 June	
	2021	2020
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Advertising display revenue	**839,150**	595,872
Advertising production, installation and dismantling revenue	**144,499**	47,791
	983,649	643,663

The timing of revenue recognition of the Group's revenue was as follows:

	Six months ended 30 June	
	2021	2020
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Revenue over time	**839,150**	595,872
Revenue at a point in time	**144,499**	47,791
	983,649	643,663

The geographical distribution of the Group's revenue is as follows:

	Six months ended 30 June	
	2021	2020
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Mainland China	**754,585**	550,507
Hong Kong and others	**229,064**	93,156
	983,649	643,663

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue during six months ended 30 June 2021 and 2020.

The Group's non-current assets other than financial instruments and deferred income tax assets are located in Mainland China and Hong Kong at 30 June 2021 and 31 December 2020 as follows:

	As at 30 June 2021 *HKD'000* **(Unaudited)**	As at 31 December 2020 *HKD'000* (Audited)
Mainland China	**3,813,918**	2,838,800
Hong Kong and others	**730,803**	798,945
	4,544,721	3,637,745

5 OPERATING PROFIT

The following items have been charged/(credited) to the operating profit during the interim period:

	Six months ended 30 June	
	2021	2020
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Concession fee charges for advertising spaces	**70,394**	29,113
Rent concession fee deduction	**(51,395)**	(169,459)
Project installation and dismantling costs	**68,068**	33,032
Depreciation of property, plant and equipment	**16,334**	19,615
Depreciation of right-of-use assets	**542,537**	425,622
Employee benefit expenses	**129,960**	101,033
Travelling and entertainment expenses	**7,795**	5,634
Expenses related to short-term lease payment	**177,196**	123,105
Amortisation of intangible assets	**1,230**	1,071

6 OTHER INCOME

	Six months ended 30 June	
	2021	2020
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Government subsidy income *(Note)*	**9,718**	7,479
Advertising consulting service income	**3,979**	2,247
Reimbursement of installation and maintenance costs	**1,173**	–
Advertising design service income	**1,327**	543
Rental income	**852**	734
Interest income on loan to an associate	**–**	525
Dividend income on unlisted bond investment	**228**	242
Compensation from counter parties for breach of contracts	**–**	1
Others	**295**	60
	17,572	11,831

Note:

Government subsidy income represented various tax refunds granted by the relevant government authorities with no future obligations.

7 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2021	2020
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Fair value gains on investment properties	**18,345**	319
Gains/(losses) on disposal of property, plant and equipment	**9**	(31)
Net gains from early termination of lease	**256**	–
Net exchange gains/(losses)	**611**	(495)
Gain on disposal of a subsidiary *(Note 16)*	**362**	–
Others	**(88)**	–
	19,495	(207)

8 FINANCE COSTS, NET

	Six months ended 30 June	
	2021	2020
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Finance income		
– Interest income on bank deposits	**(1,038)**	(1,282)
Finance costs		
– Interest expense on bank borrowings	**3,924**	5,724
– Interest expense on lease liabilities	**146,529**	100,253
	150,453	105,977
Finance costs, net	**149,415**	104,695

9 INCOME TAX CREDIT

The income tax credit of the Group for the six months ended 30 June 2021 and 2020 is analysed as follows:

	Six months ended 30 June	
	2021	2020
	HKD'000	*HKD'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC corporate income tax	**10,186**	9,071
– Hong Kong profits tax	**–**	283
	10,186	9,354
Deferred tax	**(39,000)**	(14,594)
	(28,814)	(5,240)

10 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company less the distribution of PSCS by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (HKD’000)	**(119,335)**	(74,683)
Less: Distribution to PSCS (HKD’000)	**(1,838)**	(1,438)
	(121,173)	(76,121)
Weighted average number of ordinary shares in issue (thousands shares)	**468,923**	436,815
Loss per share (expressed in HK cents per share)	**(25.8)**	(17.4)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company and PSCS (forming the denominator for computing diluted earnings per share).

For the period ended 30 June 2021 and 2020, the Group’s share options and PSCS could potentially dilute basic loss per share in the future, but were not included in the calculation of diluted loss per share because they are anti-dilutive for the period.

11 DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2021, nor has any dividend been proposed since the end of the interim reporting period (six months ended 30 June 2020: Nil).

12 TRADE AND OTHER RECEIVABLES

	As at 30 June 2021	As at 31 December 2020
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Current assets		
Trade receivables *(a)*	**657,139**	658,117
Less: Impairment loss of trade receivables	**(71,813)**	(63,844)
Trade receivables, net	**585,326**	594,273
Other receivables	**263,732**	229,358
Less: Impairment loss of other receivables	**(4,737)**	(4,701)
Other receivables, net	**258,995**	224,657
Interest receivable	**176**	205
Value-added-tax recoverable	**30,987**	58,070
Prepayments	**96,664**	133,984
	972,148	1,011,189
Non-current assets		
Other receivables and deposits	**11,241**	13,068
Total	**983,389**	1,024,257

(a) The Group has various credit terms for its customers. Ageing analysis of the trade receivables by invoice date is as follows:

	As at 30 June 2021	As at 31 December 2020
	HKD'000	*HKD'000*
	(Unaudited)	(Audited)
Up to 6 months	**437,983**	454,837
6 months to 12 months	**106,559**	95,346
1 year to 2 years	**41,970**	46,950
2 years to 3 years	**22,670**	23,663
Over 3 years	**47,957**	37,321
	657,139	658,117

13 TRADE AND OTHER PAYABLES

	As at 30 June 2021 *HKD'000* (Unaudited)	As at 31 December 2020 *HKD'000* (Audited)
Trade payables (a)	**82,617**	96,339
Accrued concession fee charges for advertising fixtures	**86,659**	92,778
Other taxes payables	**11,593**	12,531
Interest payables	**617**	558
Salary and staff welfare payables	**21,240**	30,324
Other payables	**50,287**	58,957
	253,013	291,487

(a) As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 30 June 2021 *HKD'000* (Unaudited)	As at 31 December 2020 *HKD'000* (Audited)
Up to 6 months	**70,965**	89,306
6 months to 12 months	**2,310**	3,066
1 year to 2 years	**7,879**	2,573
2 years to 3 years	**159**	261
Over 3 years	**1,304**	1,133
	82,617	96,339

14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Balance recognised in the condensed consolidated interim balance sheet

Right-of-use assets

	Land use rights *HKD'000*	Advertising fixtures *HKD'000*	Office *HKD'000*	Total *HKD'000*
(Unaudited)				
At 1 January 2021	**23,347**	**3,431,996**	**14,385**	**3,469,728**
Additions	**–**	**1,335,442**	**12,900**	**1,348,342**
Disposals	**–**	**(8,330)**	**(258)**	**(8,588)**
Disposal of a subsidiary	**–**	**(41,127)**	**(566)**	**(41,693)**
Depreciation and amortisation	**(341)**	**(535,370)**	**(6,826)**	**(542,537)**
Currency translation differences	**266**	**32,542**	**646**	**33,454**
At 30 June 2021	**23,272**	**4,215,153**	**20,281**	**4,258,706**
(Unaudited)				
At 1 January 2020	22,570	2,717,417	23,419	2,763,406
Additions	–	818,238	4,576	822,814
Depreciation and amortisation	(313)	(415,957)	(9,352)	(425,622)
Currency translation differences	(433)	(52,770)	(196)	(53,399)
At 30 June 2020	21,824	3,066,928	18,447	3,107,199

Lease liabilities

	As at 30 June 2021 *HKD'000* **(Unaudited)**	As at 31 December 2020 *HKD'000* (Audited)
Current portion	**1,320,430**	1,079,817
Non-current portion	**3,729,249**	3,077,028
Total lease liabilities	**5,049,679**	4,156,845

15 ACQUISITION OF A SUBSIDIARY

On 22 January 2021, the Group entered into a purchase agreement with Lam Tak Hing, Vincent ("Mr. Lam"), the shareholder of the Group and Billion China International Limited ("Billion China"), a related company of the Group. Pursuant to the acquisition agreement, the Group would acquire (i) the sale share, representing 100% of the issued share capital of Billion China; and (ii) the sale loan in the sum of approximately HKD38,200,000 from Mr. Lam at completion. The consideration of approximately HKD122,700,000 shall be paid, satisfied upon completion by the issuance of the PSCS by the Company to Mr. Lam or his nominee(s) and approved by extraordinary general meeting on 23 April 2021. The completion date is 14 May 2021.

The principal asset of Billion China is the entire interest in properties located in Beijing. Given no integrated set under the acquisition is capable of being conducted and managed as a business and concluded that the acquisition was accounted for as an asset acquisition.

The fair values of the net assets acquired in the transaction are as follows:

	HKD'000 (Unaudited)
Assets and liabilities:	
Property, plant and equipment	67,928
Investment properties	38,902
Cash and cash equivalents	28
Amount due from related companies	17,702
Dividend payables to shareholder	(1,860)
Total identifiable net assets acquired	122,700
Total fair value of consideration:	
By issuance of the PSCS	122,700
Cash inflow arising from the acquisition:	
Cash and cash equivalents acquired	28

16 DISPOSAL OF A SUBSIDIARY

Pursuant to the written resolutions of the shareholders passed on 29 April 2021, Zhuhai Asiaray Newspaper Media Company Limited* ("Zhuhai Asiaray") issued and allotted 2,000,000 new ordinary shares at RMB1 each to an existing shareholder and Shanghai Asiaray Advertising Company Limited, a wholly owned subsidiary of the Company at amount of RMB1,900,000 and RMB100,000 respectively. As a result, the registered share capital of Zhuhai Asiaray increased by RMB2,000,000. Upon completion as at 26 May 2021, the Group's equity interest in Zhuhai Asiaray decreased from 60% to 49%, Zhuhai Asiaray ceased to be a subsidiary of the Group and became an associate of the Group under HKAS 28.

Details of net assets of Zhuhai Asiaray at date of disposal were as follows:

	HKD'000 (Unaudited)
Fair value of interest retained	3,931
Less: net assets disposed of	
Property, plant and equipment	(3,180)
Right-of-use assets	(41,693)
Deferred income tax assets	(3,398)
Trade and other receivables	(13,245)
Inventories	(133)
Cash and cash equivalents	(8,815)
Trade and other payables	9,697
Current income tax liabilities	808
Lease liabilities	54,133
Other current liabilities	38
Non-controlling interests	2,315
Release of foreign exchange reserves	(96)
Gain on disposal of a subsidiary *(Note 7)*	362
Cash outflow arising from the deemed disposal:	
Cash and cash equivalents	8,815

The Group has appointed an independent valuer to perform a review of the purchase price allocation. As at the date of condensed consolidated interim financial information, the review is still on-going and subject to adjustment on a retrospective basis when the valuation is finalised.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2021 (the "Period"), the impact of the COVID-19 virus was less severe when compared with the entirety of last year, particularly in Mainland China which has shown a great recovery in 2021. With respect to the advertising market in the mentioned region, gradual growth was experienced, which, according to a report from CTR Market Research, expanded by 27.3% year-on-year in the first quarter of 2021. In addition, according to Dentsu, advertising expenditure in China is expected to grow by 8.5% in 2021 to USD111.6 billion, which would be the second highest market in the world[1], offering tremendous opportunities to market players. Amid improving conditions in Mainland China and Hong Kong, the Group secured several new projects during the Period, leading to a surge in revenue of 52.8% to HKD983.7 million, with gross profit margin at 15.9%. Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled HKD568.1 million. What is more, combined revenue, which includes consolidated revenue and revenue from all associated companies, amounted to HKD1.37 billion (2020: HKD953.9 million), recorded an increase of 43.6%. However, since a number of newly awarded projects were still at a ramp-up stage, and owing to the impact of accounting standard IFRS16 on new projects and ongoing challenges pertaining to COVID-19, the Group incurred a net loss of HKD113.7 million. Nonetheless, the Group remains in a net cash position for the seventh consecutive year, with total cash and bank balances amounting to HKD360.4 million, representing a sufficient capital for further expansion.

1 https://www.dentsu.com/cn/en/news-releases/ad-spend-in-china-2021

Ongoing Investment in Outdoor Online (O&O) New Media Strategy to Enhance Audience Engagement

In line with the Group's strategic transformation, which commenced in 2018 catalyzed by the Google Marketing Platform and led to the creation of the first programmatic Digital Out-of-Home (DOOH) media execution in Hong Kong, Asiaray has continued to make investments that are conducive for generating synergies between Out-of-Home (OOH) and online media, so as to also reinforce its pioneering position in the relevant business sectors. In 2020, the Group partnered with Magnite Inc. (formerly known as Rubicon Project and Telaria) to initiate DOOH programmatic trading, in order to offer advertisers more flexibility and to further penetrate and capture greater shares of the Hong Kong and Singapore markets. Further to the success, the Group has entered other partnerships this year with The Trade Desk, a world-known technology company powering the open internet with more relevant, data-driven advertising to audiences around the world, and Hivestack, one of the world's leading full-stack programmatic DOOH platforms. These collaborations enable Asiaray to lift up its exposure by fostering close connection between offline DOOH and programmatic advertising, and consequently, to provide more media options for advertisers. Underpinned by years of experience and a track record of excellence, the Group has made every effort in increasing audience engagement and in delivering a wider breadth of experiential solutions to advertisers. Moreover, armed with "mega transport, multi-media and full ambience capability" advantages as well as innovations in digitization, Asiaray has extended its reach to diverse audience groups by launching several exceptional campaigns via various programmatic buying platforms, which have achieved outstanding results. With expanded OOH mediums, Asiaray is now able to leverage this extensive coverage as well as its stature as a leading market player to move into a favorable position with international advertisers, which in turn will allow the Group to seize greater market opportunities, thus, to enhance profitability.

Update of business segments

Airport

During the Period, Airport business remains as the Group's major operational focus and main revenue contributor. Despite several projects remained at ramp-up stages, the Group's sophisticated operation results in an increase of 9.5% in segment revenue, amounted to HKD379.9 million. Nevertheless, the Group's extensive network keeps up the excellence in operation. In particular, subsequent to the official launch of the new Chengdu Tianfu International Airport on 27 June 2021, Asiaray's media resources at Terminal 1 and Terminal 2 which the domestic Terminal 2 has commenced operation. Seeing the opportunities, the Group will duly utilize its Space Management expertise and O&O New Media Strategy to provide diversified media resources to its clients. In view of Chengdu Tianfu International Airport's significance as a regional transportation hub, it is expected to have a positive impact on the Group's operation in the second half of this year. As at the Period, Asiaray's airport network covers 32 sights in Mainland China. What is more, it has built strong ties with many airport partners which is expected to benefit further expansion.

Metro lines and billboards

With the tight-business tie built with metro partners over the years, Asiaray has won and entered into several agreements in the metro segment which resulted in an increase in segment revenue by 58.9% to HKD353.7 million. In particular, it is noteworthy that segment revenue from Mainland China was almost doubled when compared to same period last year. One of the attributions goes to Kunming Metro Line 3, which was garnered in late 2020. The 20 stations long underground route is located at the city of Kunming connecting Line 2 at Dongfeng Square and Line 6 at East Coach Station. Along with other media resources in the city including Kunming Changshui International Airport, the high speed train station Kunming Railway Station and Kunming Airport Shuttle Bus, the Group possessed comprehensive coverage of the Kunming transport network and strengthened the ability to capture market potential.

During this Period, the Group signed a nine-year exclusive agreement with Shenzhen Metro Group Co. Ltd. ("Shenzhen Metro") which is granted to operate media resources in Shenzhen Metro Line 2 (Phase 3), 3, 6, 8 (Phase 1) and 10. Including the renewal resources Line 3 and 4, Asiaray currently operates close to half of the advertising and media resources of the Shenzhen Metro. With the existing exposure at the Shenzhen metro market, Asiaray will be able to fully exploit the strength of its O&O New Media Strategy, which integrates branding and sales to offer innovative and cost-effective advertising solutions for maximizing advertisement value in the Greater Bay Area. Up north, in Beijing, Asiaray has also strengthened its position by further partnerships with Beijing MTR to exclusively operate media resources installed on Beijing Metro Line 17 for a period of 10 years. Unlike previous cooperation, Asiaray has not only garnered the exclusive operational right but has also been appointed as the media and advertising partner of the new 49.7km metro line, with the plan to build the first digitalized media network for the traffic artery with a high-volume transportation capacity running north-south. This marks the first time that the Group will deploy a fully integrated digital media network for a metro line. It is also expected to advance the Group's O&O New Media advertising trend in Mainland China, ultimately lead to a further headway in terms of expediting its coverage of the capital, facilitating its development into a new growth driver.

Bus and others

Asiaray commenced a bus advertising venture with The Kowloon Motor Bus Co. ("KMB") and Long Win Bus Company Limited ("LWB") in mid-2020 to tap into the bus media in Hong Kong. Early this year, Asiaray enhanced its partnership with KMB by extending coverage to bus shelters. The new business segment has started to generate significant contribution with segment revenue rocketed 236.9% to HKD250.0 million. What is more, the widened media coverage enables the Group to provide greater media options to advertisers. By also combining DOOH resources, which can be traded programmatically via various online platforms, the Group has thus been able to extend the reach of its bus and billboard business to the global community and target international advertiser. Already, several major campaigns for world-leading consumer brands were launched through programmatic buying during the Period and generated remarkable results. This provides a new dimension for outdoor media placement at higher quantitative level to compliment unique branding effect. Asiaray will continue to direct effort towards seizing such business and capitalizing on the O&O trend.

O&O New Media Strategy development

As an industry pioneer, Asiaray is committed to developing this O&O New Media Strategy that encourages innovation and results in seamless, integrated audience experiences involving Outdoor and Online media. In particular, seeing the transformation of customer habits, Asiaray stepped up its investment in interactive experience via online platform during the reviewed period. Leveraging its existing social media platform "Hi and Seek", the Group does not only offer more O&O options to marketers, but also provide a platform that allows audiences to easily reach KOLs, which, conversely means that the brands of Asiaray clients can be promoted more effectively.

In delivering a truly immersive experience, the Group has established partnerships with leading service providers from diverse industries, including from the entertainment realm, which has resulted in the rollout of numerous interactive campaigns including virtual concerts at metro station and downtown Causeway Bay in Hong Kong. Audiences have consequently been able to appreciate a truly unique combination of online and offline media experiences. Yet a further means by which Asiaray has reached audiences through "Where We Wow" ("圍威喂") mobile application. The APP implements new Augmented Reality ("AR") technology to create an interaction with audiences. Though newly launched, it has already proven to be a powerful tool for advertising and caught attentions of sophisticated advertisers. Since the introduction of the APP, the Group consequently cooperate with Valuable Capital ("華盛證券")" on its trading application "華盛通" to launch gift winning AI games for attracting a larger audience and for creating more advertisement opportunities.

Worth noting as well that Asiaray held a virtual concert at the Hung Hom MTR platform, named "Online Hung Hom Stadium" ("地下紅館"), as part of activities to inaugurate the Tuen Ma MTR line. The opportunity allowed the Group to introduce a new Space Management format and provide an unique experiential moment for travelers via internet. Through this innovative approach, Asiaray hopes to draw more advertisers, particularly those unfamiliar with OOH advertising and tend to rely solely on online channels. All of the aforementioned efforts highlight the Group's commitment to digitalization and enhancing user engagement by leveraging its experience and pragmatic strategies.

OUTLOOK

Owing to strict safety measures and COVID-19 containment protocols, Mainland China has experienced a rapid economic recovery. And with people having changed their way of life and grown accustomed to the new normal, this will add momentum to further economic expansion as a whole. Asiaray is therefore optimistic about its business development in the country in the second half year. The Group has already been adapting to the new normal by devising new strategies for reaching out to different clients and audiences, as well as by expanding its market presence both online and offline. Against the backdrop of stable recovery in Mainland China, the Group will spare no effort to seize opportunities arising from the rebound. In fact, subsequent to the Period, Asiaray awarded a five years contract of Yuxi–Mohan railway, which is designed to be a component of the Kunming–Singapore railway Central Route connecting Kunming, Vientiane, Bangkok, Kuala Lumpur and Singapore. Located in Yunnan Province of southwest China, the railway begins from Yuxi in central Yunnan to Mohan, a town in Mengla County on the border with Laos in the Xishuangbanna Dai Autonomous Prefecture of southern Yunnan, is currently under construction and expect to commence operation by end of 2021. Upon operation, Asiaray marks a step forward in extending its media coverage toward the boundaries of Mainland China and creates a connection with neighboring countries.

In Hong Kong, local residents have adapted to hygiene and social distancing requirements, and with gradual progress being made in the COVID-19 vaccination front, the Group believes that socioeconomic activity will return to normal in the second half of this year. It therefore remains sanguine about the Group's long-term prospects in Hong Kong. With its increasing market penetration and new media resources, Asiaray is already well equipped to offer diversified marketing options to enhance audience experiences. Nevertheless, it will continue to invest in technologies, including those for expediting digitization, so as to enhance both the user experience and engagement as well as create opportunities for expanding its revenue streams.

Going forward, O&O media will remain the principal focus of the Group to capture the market trend and an area of expertise that will pave the way to fresh opportunities. Since the outbreak of the pandemic, people have gradually grown accustomed to their new lifestyle due in part to greater engagement with the online media. The Group will fully utilize its capabilities and ample experience to capitalize on this rising trend. With its successful track record of delivering impactful O&O initiatives combined with ongoing investments in relevant technologies, Asiaray will be able to exceed the expectations of clients as they enhance engagement with their target audiences. This will enable the Group to further build trust with such clients, enhance its financial wellbeing through higher profit services, and reinforce its leading market position.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the six months ended 30 June 2021 increased from approximately HKD643.7 million to approximately HKD983.6 million, representing an increase by 52.8%. The increase was primarily derived from the revenue in the airport segment due to from the impact of economy rebounds in Mainland China, and the termination of lockdowns and passenger restrictions during the Period. The combined revenue of the Group, which includes the consolidated revenue of the Group and the total revenue of the Group's associated companies engaged in the media business as an operating information, reached approximately HKD1.37 billion.

The metro and billboards segment increase by 58.9% from approximately HKD222.6 million in the corresponding period of 2020 to approximately HKD353.7 million in this Period. This was primarily attributable to the increase from metro lines and billboards in Mainland China. The increase was due to the new metro lines in Shenzhen and Kunming.

The airports segment increased by 9.5% from approximately HKD346.9 million in the corresponding period of 2020 to approximately HKD379.9 million in this Period. The increase was due to the impact of economy rebounds in Mainland China.

The bus and others segment revenue increased by approximately HKD175.8 million or 236.9%, from approximately HKD74.2 million in the corresponding period of 2020 to approximately HKD250.0 million in this Period, which was primarily attributable to the bus segment acquired since the second quarter of 2020 in Hong Kong but offset by the drops of the agency business in respect of sales of advertising spaces in media resources operated by associated companies.

Cost of Revenue

The cost of revenue increased by approximately HKD372.3 million, or 81.8%, from approximately HKD454.9 million in the corresponding period of 2020 to approximately HKD827.2 million in this Period. The increase was primarily due to the concession fee for the new projects such as KWB and Shenzhen Metro during the Period and the decrease in rent concession as compared with last year.

Gross Profit and Gross Profit Margin

The gross profit for this Period decreased by approximately HKD32.2 million, or 17.1%, from approximately HKD188.7 million in the corresponding period of 2020 to approximately HKD156.5 million and the gross profit margin decreased from 29.3% in the corresponding period of 2020 to 15.9% in this Period.

Selling and Marketing Expenses

The selling and marketing expenses increased by approximately HKD17.6 million, or 26.9% from approximately HKD65.5 million in the corresponding period of 2020 to approximately HKD83.1 million this Period. The increase was primarily attributable to the increase in employee benefit expenses which is in line with the increase in revenue in sales during this Period.

Administrative Expenses

The administrative expenses increased by approximately HKD22.8 million, or 29.3%, from approximately HKD77.6 million in the corresponding period of 2020 to approximately HKD100.4 million in this Period. The increase was primarily attributable to the increase in new projects when comparing to last period.

Finance Costs, net

Net finance cost increased by approximately HKD44.7 million, or 42.7%, from approximately HKD104.7 million in the corresponding period of 2020 to approximately HKD149.4 million in this Period. This was primarily attributable to the increase in interest expenses incurred from lease liabilities of HKFRS 16.

Share of net profit of associates accounted for using the equity method

The share of results of investments in associates increased by 46.7% from approximately HKD3.0 million in the corresponding period of 2020 to approximately HKD4.4 million in this Period due to the increased revenue from media under Shenzhen Airport.

Income Tax Credit

Income tax credit increased by 453.8% from approximately HKD5.2 million in the corresponding period of 2020 to approximately HKD28.8 million in this Period.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

The EBITDA of the Group increased by approximately HKD68.9 million, or 13.8%, from approximately HKD499.2 million in the corresponding period of 2020 to approximately HKD568.1 million in this Period.

Loss attributable to owners of the Company

Loss attributable to owners of the Company increased by approximately HKD44.6 million, or 59.7%, from approximately HKD74.7 million in the corresponding period of 2020 to approximately HKD119.3 million in this Period. The loss was the net effect of the decrease in gross profit of the Group and as fully explained in the above.

FINANCIAL MANAGEMENT AND TREASURY POLICY

The Group adopts a conservative approach for cash management and investment on funds. As the Group carries out business in Mainland China and Hong Kong, most of our receipts and payments were denominated in Renminbi and Hong Kong dollars. As the conversion of Renminbi into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government, the directors of the Company consider that there is no significant exposure on the foreign exchange risk. The Group will closely monitor foreign exchange exposure and consider hedging significant exposure should the need arises.

Dividend Policy

The Company endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company adopts a dividend policy, which is based on the profit attributable to owners of the Company, and the distribution amount is up to 100% of the profit attributable to owners of the Company.

Liquidity and Financial Resources

The Group's cash and cash equivalents and restricted cash was approximately HKD360.4 million as at 30 June 2021, representing a decrease of approximately HKD51.8 million compared with that as at 31 December 2020. As at 30 June 2021, the financial ratios of the Group were as follows:

	As at 30 June 2021	As at 31 December 2020
Current ratio[(1)]	**0.71**	0.82
Gearing ratio[(2)]	**Net cash**	Net cash

Notes:

(1) Current ratio is calculated by dividing current assets by current liabilities.

(2) Gearing ratio is calculated by dividing net debt by total equity.

Borrowings

The Group had bank borrowings as at 30 June 2021 in the sum of approximately HKD270.4 million. Out of the total borrowings, approximately HKD137.3 million was repayable within one year, while approximately HKD133.1 million was repayable after one year. The carrying amounts of bank borrowings are denominated in Hong Kong dollars and Renminbi.

No financial instruments were used for hedging purposes, nor were there any foreign currency net investments hedged by current borrowings and/or other hedging instruments.

Exposure to Interest Rate Risk

The Group's interest rate risk arises from interest-bearing short-term bank deposits and bank borrowings. Short-term bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bank borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group's interest rate risks arise primarily from variable rates bank borrowings. The Group manages its interest rate exposure with a focus on reducing the cost of debt in order to maintain a balanced combination of fixed and variable rate borrowings. The Group uses derivatives such as interest rate option to manage its interest rate exposure, in relation to the HK dollar borrowings.

Pledge of Assets

As at 30 June 2021, the Group pledged its buildings and land use rights with carrying amount of approximately HKD22.7 million (31 December 2020: approximately HKD23.2 million), respectively to secure borrowings of the Group. The total secured borrowings as at 30 June 2021 amounted to approximately HKD1.5 million (31 December 2020: approximately HKD2.0 million).

Fund Raising Activities/Use of Proceeds

Subscription of new shares under general mandate

On 20 November 2019, the Company entered into a subscription agreement with Antfin (Hong Kong) Holding Limited ("Antfin"), an indirect wholly-owned subsidiary of Ant Group Co. Ltd. 螞蟻科技集團有限公司, pursuant to which Antfin subscribed for, and the Company allotted and issued, a total of 35,675,676 subscription shares at the subscription price of HKD4.10 per subscriptions share. The net proceeds were approximately HKD142.8 million and are being used by the Company as general working capital and for funding its projects in the PRC and Singapore. For further details, please refer to the announcements issued by the Company dated 20 November 2019, 27 November 2019 and 4 December 2019.

Subscription of perpetual subordinated convertible securities under general mandate

On 4 June 2020, the Company entered into a subscription agreement which the Company has conditionally agreed to issue the perpetual subordinated convertible securities (the"2020 PSCS") in the principal amount of HKD20.0 million convertible into conversion shares at the initial conversion price of HKD5.1 per conversion share under general mandate. The intended use of proceeds were disclosed in the circular issued by the Company dated 8 September 2020. The issuance of the 2020 PSCS in the principal amount of HKD20.0 million was completed on 28 September 2020. The net proceeds of approximately HKD19.8 million was received. As at 30 June 2021, the 2020 PSCS in the principal amount of HKD20.0 million has not been converted into conversion shares. For details, please refer to the announcement and the circular issued by the Company dated 4 June 2020 and 8 September 2020 respectively.

The use of proceeds was as follows:

As at 30 June 2021

Net proceeds raised (approximately) *HKD'000*		Intended use of the net proceeds (approximately) *HKD'000*	Actual used amount (approximately) *HKD'000*	Unutilized amount (approximately) *HKD'000*	Expected timeframe for application of the unutilized proceeds	Whether the proceeds are to be used according to the intention previously disclosed
19,833 (Issue of 2020 PSCS)	General working capital (payment of concession fee)	19,833	19,833 (used as intended)	–	N/A	Yes

As at 31 December 2020

Net proceeds raised (approximately) *HKD'000*		Intended use of the net proceeds (approximately) *HKD'000*	Actual used amount (approximately) *HKD'000*	Unutilized amount (approximately) *HKD'000*	Expected timeframe for application of the unutilized proceeds	Whether the proceeds are to be used according to the intention previously disclosed
142,800 (Issue of subscription shares)	General working capital (Working capital and funding projects in the PRC and Singapore)	142,800	142,800 (used as intended)	Nil	N/A	Yes
19,833 (Issue of 2020 PSCS)	General working capital (Payment of concession fee)	19,833	5,000 (used as intended)	14,833	Next 12 months	Yes

Capital Expenditures

The capital expenditures primarily comprise cash expenditures for property, plant and equipment, such as advertising facilities and furniture and office equipment. Our capital expenditures for the six months ended 30 June 2021 and 2020 were approximately HKD5.2 million and HKD10.2 million, respectively.

Contingent liabilities

The Group had no material contingent liabilities outstanding as at 30 June 2021 and 30 June 2020.

SUBSEQUENT EVENTS

On 16 July 2021, the Company entered into a subscription agreement with Space Management Limited pursuant to which the Company has conditionally agreed to issue, and Space Management Limited has conditionally agreed to subscribe for, the PSCS in the principal amount of HKD75,000,000 convertible into conversion shares at the initial conversion price of HKD2.43 per conversion share (subject to adjustments). A specific mandate for the allotment and issue of the PSCS will be sought by the Company from the independent shareholders of the Company by way of shareholders' resolution(s) to be put forward at a coming extraordinary general meeting. As at the date of this report, the conditions of the subscription agreement are yet to be fulfilled. For further details, please refer to the announcements dated 16 July 2021 and 6 August 2021. The date of despatch of the circular is expected to be on or before 10 September 2021.

HUMAN RESOURCES AND REMUNERATION POLICIES

The Group offers competitive remuneration packages, including trainings, medical, insurance coverage and retirement benefits, to all employees in Hong Kong and the PRC. As at 30 June 2021, the Group has 1,101 permanent and temporary employees. The total salaries and related costs for the six months ended 30 June 2021 and 2020 amounted to approximately HKD130.0 million and HKD101.0 million, respectively.

INTERIM DIVIDEND

At the Board of Directors' meeting held on 27 August 2021, the Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

CORPORATE GOVERNANCE

The Company has complied with all the applicable code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules, except for code provisions A.2.1 and A.6.7 of the CG Code as explained below. Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. Mr. Lam Tak Hing, Vincent currently assumes the roles of both Chairman and Chief Executive Officer ("CEO") of the Company. The Board considers that this structure could enhance the efficiency in formulation and implementation of the Company's strategies. The Board will review the need of appointing a suitable candidate to assume the role of the CEO when necessary.

Under code provision A.6.7 of the CG Code, Independent Non-executive Directors and Non-executive Directors should attend general meetings of the Company and develop a balanced understanding of shareholders' view. Due to other business engagement, a Non-executive Director was unable to attend the general meetings of the Company. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. The Company has made specific enquiry of all Directors and that all the Directors confirmed their compliance with the required standard set out in the Model Code during the six months ended 30 June 2021.

DEED OF NON-COMPETITION

Mr. Lam Tak Hing, Vincent ("Mr. Lam"), Media Cornerstone Limited, Space Management Limited and Shalom Family Holding Limited (collectively, the "Controlling Shareholders") entered into a deed of non-competition dated 22 December 2014 with the Company (the "Deed of Non-competition"). Pursuant to the Deed of Non-competition, each of the Controlling Shareholder has undertaken that, among other things, he/it shall not and shall procure his/its associates not to, either alone or jointly with any other person or entity, or for any other person, firm or company, or as principal, partner, director, employee, consultant or agent through any body corporate, partnership, joint venture or other contractual arrangement, be engaged, invested, or otherwise involved, whether as a shareholder, director, employee, partner, agent or otherwise, directly or indirectly, in the carrying on of any business in any form or manner in Hong Kong or the PRC in competition or likely to be in competition, directly or indirectly, with the business operated by the Group in Hong Kong or the PRC. Mr. Lam has further undertaken that he shall procure Main Element Profits Limited to exercise all its voting power in台灣雅仕維廣告股份有限公司(Taiwan Asiaray Advertising Holdings Company Limited*) ("Taiwan Asiaray") to ensure that the business of Taiwan Asiaray will not expand outside Taiwan. Details of the Deed of Non-competition are set out in the section headed "Relationship with Controlling Shareholders — Non-Competition Undertakings" of the prospectus of the Company dated 31 December 2014. The Company has received confirmations from the Controlling Shareholders of their compliance with the Deed of Non-competition for the year ended 31 December 2020 (the "Confirmations"). The independent non-executive directors of the Company have been provided with all necessary information and have reviewed the Confirmations and are satisfied that the Deed of Non-competition was complied with and was effectively enforced during the year ended 31 December 2020.

* *For identification purpose only*

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2021.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are as follows:

Mr. Ma Andrew Chiu Cheung had retired from being an independent non-executive director of Chong Hing Bank Limited, a company listed on the Stock Exchange of Hong Kong with stock code of 1111, with effect from 14 May 2021.

Mr. Ma Ho Fai *GBS JP* had retired from being an independent non-executive director of Goldbond Group Holdings Limited ("Goldbond Group"), a company had been listed on the Stock Exchange of Hong Kong with stock code of 172, with effect from 2 August 2021. The listing of Goldbond Group's shares has been cancelled with effect from 9:00 am on 2 August 2021 under Rule 6.01A of the Listing Rules. For details of the cancellation, please refer to the announcement of Goldbond Group dated 29 July 2021.

AUDIT COMMITTEE

The Company's interim results for the Period have not been audited but the Company's audit committee has reviewed the unaudited consolidated financial results and the interim report of the Company for the Period and agreed to the accounting principles and practices adopted by the Company. The audit committee of the Company comprises three independent non-executive directors, namely Mr. Ma Andrew Chiu Cheung (Chairman), Mr. Ma Ho Fai *GBS JP*, and Ms. Mak Ka Ling.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Company's website (www.asiaray.com) and the designated website of the Stock Exchange (www.hkexnews.hk). The interim report will be available on the websites of the Company and the Stock Exchange in due course.

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

Hong Kong, 27 August 2021

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.