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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)

CONNECTED TRANSACTIONS
IN RELATION TO THE NEW TENANCY AGREEMENTS

THE NEW TENANCY AGREEMENTS

The Board wishes to announce that on 30 June 2022, (i) Genesis Printing, an indirect wholly-owned subsidiary of the Company, as tenant renewed the Previous Warehouse A Tenancy Agreement by entering into the New Warehouse A Tenancy Agreement with Peaky as landlord in respect of the Warehouse A; (ii) Asiaray Media, an indirect wholly-owned subsidiary of the Company, as tenant renewed the Previous Warehouse B Tenancy Agreement by entering into the New Warehouse B Tenancy Agreement with Peaky as landlord in respect of the Warehouse B; and (iii) HK Asiaray Advertising, an indirect wholly-owned subsidiary of the Company, as tenant renewed the Previous Shanghai Office Tenancy Agreement by entering into the New Shanghai Office Tenancy Agreement with Asiaray China as landlord in respect of the Shanghai Office.

In accordance with HKFRS 16, the Group is required to recognise an additional asset representing its right to use the properties under the New Tenancy Agreements, and as a result, the entering into of the New Tenancy Agreements and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group for the purpose of the Listing Rules. The rent payable by the Group under the New Tenancy Agreements will be recognised as expenses of the Group over the term of the New Tenancy Agreements.

LISTING RULES IMPLICATIONS

As each of Asiaray China and Peaky is wholly-owned by Mr. Lam, being an executive Director and a controlling shareholder of the Company, each of Asiaray China and Peaky is an associate of Mr. Lam and thus a connected person of the Company. Therefore, the transactions contemplated under the New Tenancy Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the New Tenancy Agreements were entered into by the Group within a 12-month period, pursuant to Rule 14A.81 to Rule 14A.82 of the Listing Rules, the transactions contemplated under the New Tenancy Agreements should be aggregated for the purpose of calculating the percentage ratios.

As the highest applicable percentage ratio of the transactions under the New Tenancy Agreements, is more than 0.1% but less than 5%, and the aggregate value of right-of-use assets is more than HKD3,000,000, the transactions contemplated under the New Tenancy Agreements are subject to the reporting and announcement requirements but are exempted from circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

References are made to the announcements dated 2 July 2020, 1 March 2018, 1 September 2017 and 30 June 2017 in relation to the continuing connected transactions and connected transactions regarding the Previous Tenancy Agreements.

The Board wishes to announce that on 30 June 2022, (i) Genesis Printing, an indirect wholly-owned subsidiary of the Company, as tenant renewed the Previous Warehouse A Tenancy Agreement by entering into the New Warehouse A Tenancy Agreement with Peaky as landlord in respect of the Warehouse A; (ii) Asiaray Media, an indirect wholly-owned subsidiary of the Company, as tenant renewed the Previous Warehouse B Tenancy Agreement by entering into the New Warehouse B Tenancy Agreement with Peaky as landlord in respect of the Warehouse B; and (iii) HK Asiaray Advertising, an indirect wholly-owned subsidiary of the Company, as tenant renewed the Previous Shanghai Office Tenancy Agreement by entering into the New Shanghai Office Tenancy Agreement with Asiaray China as landlord in respect of the Shanghai Office.

The principal terms of the New Tenancy Agreements are set out below.

1. New Warehouse A Tenancy Agreement

- Date** : 30 June 2022
- Parties** : (1) Genesis Printing as tenant
(2) Peaky as landlord
- Premises** : Workshop A on 9/F, and Car Parking Space C4 on G/F, Supreme Industrial Building, Nos. 15-17 Shan Mei Street, Shatin, New Territories, Hong Kong
- Term** : 24 months (from 1 July 2022 to 30 June 2024 (both days inclusive))
- Use** : Warehouse and car parking space
- Rent** : HKD38,000 per month payable in advance on the 1st day of each month, which will be satisfied by internal resources of the Group
- Pricing Policy** : The rent payable by the Group under the New Warehouse A Tenancy Agreement was determined after arm's length negotiations between Genesis Printing and Peaky with reference to the prevailing market rates for the same or similar type of premises in the vicinity

The terms of the New Warehouse A Tenancy Agreement are identical to the Previous Warehouse A Tenancy Agreement.

2. New Warehouse B Tenancy Agreement

- Date** : 30 June 2022
- Parties** : (1) Asiaray Media as tenant
(2) Peaky as landlord
- Premises** : Area B, Workshop 4G, Superluck Industrial Centre (Phase 2), No. 57 Sha Tsui Road and Nos. 30-38 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong
- Term** : 24 months (from 1 July 2022 to 30 June 2024 (both days inclusive))
- Use** : Warehouse
- Rent** : HKD10,000 per month payable in advance on the 12th day of each month, which will be satisfied by internal resources of the Group
- Pricing Policy** : The rent payable by the Group under the New Warehouse B Tenancy Agreement was determined after arm's length negotiations between Asiaray Media and Peaky with reference to the prevailing market rates for the same or similar type of premises in the vicinity

The terms of the New Warehouse B Tenancy Agreement are identical to the Previous Warehouse B Tenancy Agreement.

3. New Shanghai Office Tenancy Agreement

Date	:	30 June 2022
Parties	:	(1) HK Asiaray Advertising as tenant (2) Asiaray China as landlord
Premises	:	Units 2102-2104, No. 1027 Changning Road, Shanghai, PRC
Term	:	24 months (from 1 July 2022 to 30 June 2024 (both days inclusive))
Use	:	Office
Rent	:	RMB114,000 per month payable half-yearly in arrears, which will be satisfied by internal resources of the Group
Pricing Policy	:	The rent payable by the Group under the New Shanghai Office Tenancy Agreement was determined after arm's length negotiations between HK Asiaray Advertising and Asiaray China with reference to the prevailing market rates at the same or similar type of premises in the vicinity

The terms of the New Shanghai Office Tenancy Agreement are identical to the Previous Shanghai Office Tenancy Agreement.

The New Tenancy Agreements are not inter-conditional with each other.

THE RIGHT-OF-USE ASSET

The unaudited aggregate value of the right-of-use assets recognised by the Group under the New Tenancy Agreements amounts to approximately HKD4.13 million, which is the present value of the total rents payable under the entire term of the New Tenancy Agreements plus estimated reinstatement cost with the lease at the inception of the lease term under the New Tenancy Agreements in accordance with HKFRS 16. Discount rates of 1.79%, 2.82% and 6.67% per annum are applied to compute the present value of the total rents payable under each of the New Warehouse A Tenancy Agreement, the New Warehouse B Tenancy Agreement and the New Shanghai Office Tenancy Agreement respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW TENANCY AGREEMENTS

Having considered the business needs of the Group and that stable sources of warehouse spaces and office premises are required for the growing operation of the Group, the Board is of the view that the entering into of the New Tenancy Agreements is beneficial to the Group and the Shareholders as a whole as it enables the Group to continue to secure a longer term of use of warehouse and office without incurring unnecessary relocation and administration costs, which would provide additional flexibility for the Group. Mr. Lam has also indicated to the Board that he may, at his sole discretion, waive the rent for any period of time.

The terms (including the monthly rents) of the New Tenancy Agreements were determined upon arm's length negotiations with reference to the market rates for the same or similar type of premises in the vicinity. The Directors (including the independent non-executive Directors) are of the view that: (i) the terms of the New Tenancy Agreements are on normal commercial terms that are fair and reasonable; and (ii) the New Tenancy Agreements are in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

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.

Genesis Printing

Genesis Printing was incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. Genesis Printing is principally engaged in advertising, production, installation and dismantling services in Hong Kong.

Asiaray Media

Asiaray Media was incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. Asiaray Media is principally engaged in out-of-home advertising media services in Hong Kong.

Peaky

Peaky was incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Lam. Peaky is principally engaged in investment in properties.

HK Asiaray Advertising

HK Asiaray Advertising was incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. HK Asiaray Advertising is principally engaged in investment holding.

Asiaray China

Asiaray China was incorporated in Samoa with limited liability and is wholly-owned by Mr. Lam. Asiaray China is principally engaged in investment in properties.

LISTING RULES IMPLICATIONS

As each of Asiaray China and Peaky is wholly-owned by Mr. Lam, being an executive Director and a controlling shareholder of the Company, each of Asiaray China and Peaky is an associate of Mr. Lam and thus a connected person of the Company. Therefore, the transactions contemplated under the New Tenancy Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the New Tenancy Agreements were entered into by the Group within a 12-month period, pursuant to Rule 14A.81 to Rule 14A.82 of the Listing Rules, the transactions contemplated under the New Tenancy Agreements should be aggregated for the purpose of calculating the percentage ratios.

As the highest applicable percentage ratio of the transactions under the New Tenancy Agreements, is more than 0.1% but less than 5%, and the aggregate value of right-of-use assets is more than HKD3,000,000, the transactions contemplated under the New Tenancy Agreements are subject to the reporting and announcement requirements but are exempted from circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Lam has declared his interest in each of Asiaray China and Peaky. The New Tenancy Agreements and the transactions contemplated thereunder have been approved by the Board by way of written resolutions. Pursuant to Article 20.13 of the Articles of Association of the Company, among other matters, a resolution in writing signed by each and every one of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened.

Save for Mr. Lam, none of the Directors has any material interest in the New Tenancy Agreements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“Asiaray China”	Asiaray China Media Limited, a company incorporated in Samoa with limited liability on 11 May 1999 and wholly-owned by Mr. Lam
“Asiaray Media”	Asiaray Media Limited, a company incorporated in Hong Kong with limited liability on 6 March 2002 and an indirect wholly-owned subsidiary of the Company
“associate(s)”	has the same meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Asiaray Media Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 1993)
“connected person(s)”	has the same meaning as ascribed thereto under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Genesis Printing”	Genesis Printing and Production Limited, a company incorporated in Hong Kong with limited liability on 8 October 2007 and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“HK Asiaray Advertising”	Hong Kong Asiaray Advertising Limited, a company incorporated in Hong Kong with limited liability on 31 October 1995, and an indirect wholly-owned subsidiary of the Company
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16”	HKFRS 16 Leases
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lam”	Lam Tak Hing, Vincent, the chairman of the Board, an executive Director, the chief executive officer and a controlling shareholder of the Company
“New Shanghai Office Tenancy Agreement”	the tenancy agreement entered into between HK Asiaray Advertising as tenant and Asiaray China as landlord dated 30 June 2022 in respect of the Shanghai Office
“New Tenancy Agreements”	the New Warehouse A Tenancy Agreement, the New Warehouse B Tenancy Agreement and the New Shanghai Office Tenancy Agreement
“New Warehouse A Tenancy Agreement”	the tenancy agreement entered into between Genesis Printing as tenant and Peaky as landlord dated 30 June 2022 in respect of the Warehouse A
“New Warehouse B Tenancy Agreement”	the tenancy agreement entered into between Asiaray Media as tenant and Peaky as landlord dated 30 June 2022 in respect of the Warehouse B
“Peaky”	Peaky Limited, a company incorporated in Hong Kong with limited liability on 29 March 2011 and wholly-owned by Mr. Lam

“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Shanghai Office Tenancy Agreement”	the tenancy agreement entered into between HK Asiaray Advertising as tenant and Asiaray China as landlord dated 2 July 2020 in respect of the Shanghai Office
“Previous Tenancy Agreements”	the Previous Shanghai Office Tenancy Agreement, the Previous Warehouse A Tenancy Agreement and the Previous Warehouse B Tenancy Agreement
“Previous Warehouse A Tenancy Agreement”	the tenancy agreement entered into between Genesis Printing as tenant and Peaky as landlord dated 2 July 2020 in respect of the Warehouse A
“Previous Warehouse B Tenancy Agreement”	the tenancy agreement entered into between Asiaray Media as tenant and Peaky as landlord dated 2 July 2020 in respect of the Warehouse B
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Office”	the premises situate at Units 2102-2104, No. 1027 Changning Road, Shanghai, PRC
“Shareholder(s)”	holder(s) of the ordinary shares of nominal value of HKD0.10 each in the capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warehouse A”	the premises situate at Workshop A on 9/F, and Car Parking Space C4 on G/F, Supreme Industrial Building, Nos. 15-17 Shan Mei Street, Shatin, New Territories, Hong Kong
“Warehouse B”	the premises situate at Area B, Workshop 4G, Superluck Industrial Centre (Phase 2), No. 57 Sha Tsui Road and Nos. 30-38 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong
“%”	per cent

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HKD in this announcement is calculated at the exchange rate of RMB1 = HKD1.188, such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

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

Hong Kong, 30 June 2022

As at the date of this announcement, the executive Directors are Mr. Lam Tak Hing, Vincent, Mr. Lam Ka Po and Mr. Kwan Tat Cheong; 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.