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)

SUPPLEMENTAL ANNOUNCEMENT REGARDING THE PUBLISHED UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

Reference is made to the unaudited annual results of Asiaray Media Group Limited (the "Company") and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2022 (the "Year") published on 27 March 2023 (the "Unaudited Annual Results").

The board of directors (the "Board") of the Company announces the audited consolidated financial results of the Group for the Year, together with the comparative figures for the year ended 31 December 2021 as follows. Save for some minor adjustments on certain items, the audited annual results disclosed herein have no other adjustment compared to the Unaudited Annual Results:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2022	2021
	Note	***RMB'000***	*RMB'000*
			(restated)*
Revenue	*4*	**1,653,226**	1,895,020
Cost of revenue	*4*	**(1,384,062)**	(1,536,938)
Gross profit		**269,164**	358,082
Selling and marketing expenses		**(149,306)**	(147,919)
Administrative expenses		**(175,838)**	(185,069)
Net impairment losses on financial assets		**(29,836)**	(10,784)
Other income	*5*	**35,651**	35,213
Other gains, net	*6*	**154,758**	55,186
Operating profit		**104,593**	104,709

* *See Note 3 to the consolidated financial statements*

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000 (restated)*
Finance income	*7*	**2,203**	2,276
Finance costs	*7*	**(208,432)**	(246,709)
Finance costs, net	*7*	**(206,229)**	(244,433)
Share of net profit/(loss) of investments accounted for using the equity method		**17,961**	(1,142)
Loss before income tax		**(83,675)**	(140,866)
Income tax (expense)/credit	*8*	**(6,074)**	19,732
Loss for the Year		**(89,749)**	(121,134)
(Loss)/profit attributable to:			
Owners of the Company		**(112,663)**	(143,671)
Non-controlling interests		**22,914**	22,537
		(89,749)	(121,134)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
Currency translation differences		**(1,371)**	7,573
Items will not be recycled to profit or loss			
Net losses from changes in financial assets at fair value through other comprehensive income, net of tax		**(1,193)**	(195)
		(2,564)	7,378
Total comprehensive loss for the Year		**(92,313)**	(113,756)
Attributable to:			
Owners of the Company		**(115,322)**	(136,293)
Non-controlling interests		**23,009**	22,537
Total comprehensive loss for the Year		**(92,313)**	(113,756)
Loss per share attributable to owners of the Company for the Year *(expressed in RMB cents per share)*			
– Basic and diluted	*9*	**(26.3)**	(32.0)

* *See Note 3 to the consolidated financial statements*

CONSOLIDATED BALANCE SHEET

	Note	**As at 31 December 2022 RMB'000**	As at 31 December 2021 RMB'000 (restated)*	As at 1 January 2021 RMB'000 (restated)*
ASSETS				
Non-current assets				
Property, plant and equipment		**157,876**	142,385	62,384
Right-of-use assets		**1,418,362**	3,688,589	2,920,123
Investment properties		**94,924**	56,340	9,255
Intangible assets		**13,306**	14,022	16,156
Investments accounted for using the equity method		**76,465**	58,664	42,609
Financial assets at fair value through profit or loss		**8,433**	6,511	6,209
Financial assets at fair value through other comprehensive income		**5,852**	6,094	6,509
Deferred income tax assets		**193,537**	187,459	165,760
Deposits	*11*	**9,455**	7,267	10,998
		1,978,210	4,167,331	3,240,003
Current assets				
Inventories		**22,902**	8,504	3,381
Trade and other receivables	*11*	**786,779**	934,529	851,017
Restricted cash		**31,797**	26,884	28,407
Cash and cash equivalents		**333,320**	315,625	318,553
		1,174,798	1,285,542	1,201,358
Total assets		**3,153,008**	5,452,873	4,441,361

* *See Note 3 to the consolidated financial statements*

	Note	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000 (restated)*	As at 1 January 2021 RMB'000 (restated)*
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital		**38,139**	38,139	38,139
Reserves		**101,114**	226,874	206,834
		139,253	265,013	244,973
Non-controlling interests		**132,895**	111,944	70,419
Total equity		**272,148**	376,957	315,392
Liabilities				
Non-current liabilities				
Borrowings	*13*	**177,408**	131,020	67,867
Lease liabilities		**1,173,285**	3,222,874	2,589,627
Deferred income tax liabilities		**1,827**	1,906	1,962
		1,352,520	3,355,800	2,659,456
Current liabilities				
Trade and other payables	*12*	**348,958**	277,932	245,315
Contract liabilities		**98,203**	126,850	107,210
Financial liabilities at fair value through profit or loss		**–**	10,244	6,564
Borrowings	*13*	**146,348**	127,004	186,993
Current income tax liabilities		**5,677**	5,408	11,657
Lease liabilities		**929,154**	1,172,678	908,774
		1,528,340	1,720,116	1,466,513
Total liabilities		**2,880,860**	5,075,916	4,125,969
Total equity and liabilities		**3,153,008**	5,452,873	4,441,361

* *See Note 3 to the consolidated financial statements*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 GENERAL INFORMATION

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 PO Box 309, Ugland House Grand Cayman, KY1-1104, Cayman lslands. 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 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, mainly in Mainland China, Hong Kong, Macau and Southeast Asia.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and investment properties, which are carried at fair values.

As at 31 December 2022, the Group's current liabilities exceeded its current assets by approximately RMB353,542,000. The net current liabilities was mainly attributable to recognition of lease liabilities of approximately RMB929,154,000 in current liabilities and approximately RMB1,173,285,000 in non-current liabilities respectively, while the associated right-of-use assets amounting to approximately RMB1,418,362,000 were recognised in non-current assets. For the year ended 31 December 2022, the Group recorded a net loss to equity owners as disclosed in the consolidated statement of comprehensive income. In view of such circumstances, the directors of the Company ("Directors") have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors are of the opinion that the Group's available sources of funds, including the Group's expected net cash inflows from its operating activities and the continuous support from its banks, are sufficient to fulfil its financial obligations as and when they fall due in the coming twelve months from 31 December 2022. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

These consolidated financial statements are presented in Renminbi ("RMB") and all figures are rounded to the nearest thousand (RMB'000) unless otherwise stated.

(a) Amendments to standards, interpretation and accounting guideline adopted by the Group

The Group has applied the following amendments to existing standards, interpretation and accounting guideline for the first time for their financial year beginning on 1 January 2022:

Annual Improvements Project (Amendments)	Annual Improvements to HKFRSs 2018-2020
HKFRS 3 (Amendments)	Reference to the conceptual framework
HKAS 16 (Amendments)	Property, plant and equipment: Proceeds before intended use
HKAS 37 (Amendments)	Onerous contracts – Cost of fulfilling a contract
HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions beyond 2021
Accounting Guideline 5 (Amendments)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

The amendments 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, except for the Amendment to HKFRS 16 set out above.

(b) New standards and amendments to existing standards, improvement, interpretation and accounting guideline that have been issued but are not effective and have not been early adopted by the Group

		Effective for accounting year beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HKFRS 17 (Amendments)	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information Amendments	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback	1 January 2024
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The above new standards, amendments to existing standards, improvement, interpretation and accounting guideline have been published that are not mandatory for the annual reporting periods commencing 1 January 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 CHANGES IN ACCOUNTING POLICIES

During the Year, the Group has changed its presentation currency from Hong Kong dollars ("HKD") to RMB for the preparation of its consolidated financial statements. Having considered the principal activities of the Group are mainly conducted in Mainland China where the functional currency of those subsidiaries in Mainland China are denominated in RMB, the Directors considered that the change would result in a more appropriate presentation of the Group's transactions in these consolidated financial statements. The change in presentation currency have been applied retrospectively. The comparative figures in these consolidated financial statements were translated from HKD to RMB using the applicable closing rates for items in the consolidated balance sheet and applicable average rates that approximated to actual rates for items in the consolidated statement of comprehensive income.

4 SEGMENT INFORMATION

The segment information for the operating segments is as follows:

	Airports business *RMB'000*	**Metro and billboards business** *RMB'000*	**Bus and other business** *RMB'000*	**Total** *RMB'000*
Year ended 31 December 2022				
Revenue	**554,240**	**596,368**	**502,618**	**1,653,226**
Cost of revenue	**(383,829)**	**(564,174)**	**(436,059)**	**(1,384,062)**
Gross profit	**170,411**	**32,194**	**66,559**	**269,164**
Share of net profit of investments accounted for using the equity method	**14,259**	**3,702**	**–**	**17,961**
Segment results	**184,670**	**35,896**	**66,559**	**287,125**
Selling and marketing expenses				**(149,306)**
Administrative expenses				**(175,838)**
Net impairment losses on financial assets				**(29,836)**
Other income				**35,651**
Other gains, net				**154,758**
Finance income				**2,203**
Finance costs				**(208,432)**
Finance costs, net				**(206,229)**
Loss before income tax				**(83,675)**

	Airports business RMB'000 (restated)	Metro and billboards business RMB'000 (restated)	Bus and other business RMB'000 (restated)	Total RMB'000 (restated)
Year ended 31 December 2021				
Revenue	630,893	695,669	568,458	1,895,020
Cost of revenue	(429,080)	(576,920)	(530,938)	(1,536,938)
Gross profit	201,813	118,749	37,520	358,082
Share of net profit/(loss) of investments accounted for using the equity method	15,891	(17,033)	–	(1,142)
Segment results	217,704	101,716	37,520	356,940
Selling and marketing expenses				(147,919)
Administrative expenses				(185,069)
Net impairment losses on financial assets				(10,784)
Other income				35,213
Other gains, net				55,186
Finance income				2,276
Finance costs				(246,709)
Finance costs, net				(244,433)
Loss before income tax				(140,866)

Revenue consisted of the following:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Advertising display revenue	**1,347,499**	1,521,556
Advertising production, installation and dismantling revenue	**305,727**	373,464
	1,653,226	1,895,020

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Revenue over time	**1,347,499**	1,521,556
Revenue at a point in time	**305,727**	373,464
	1,653,226	1,895,020

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

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Mainland China	**1,126,523**	1,336,316
Hong Kong	**526,703**	558,704
	1,653,226	1,895,020

The Group has a large number of customers, none of which contributed 10% or more of the Group's total revenue.

The Group's non-current assets other than financial instruments and deferred income tax assets were located in Mainland China, Hong Kong and others as follows:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Mainland China	**1,318,955**	3,344,961
Hong Kong	**428,944**	617,867
Others	**22,489**	4,439
	1,770,388	3,967,267

5 OTHER INCOME

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Advertising consulting service income	**3,944**	3,495
Government subsidy income	**10,486**	11,876
Reimbursement of installation and maintenance costs	**–**	1,127
Advertising design service income	**6,630**	6,697
Agency service income	**798**	–
Dividend income	**368**	379
Rental income	**3,618**	544
Others	**9,807**	11,095
	35,651	35,213

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

6 OTHER GAINS, NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Net exchange losses	**(3,256)**	(4,780)
Fair value (losses)/gains on investment properties	**(2,804)**	14,311
Fair value losses on remeasurement on contingent consideration payable	**(6,548)**	(3,922)
Fair value gains on financial assets at fair value through profit or loss	**768**	–
Net gains from early termination of leases	**165,483**	–
Gains/(losses) on disposal of property, plant and equipment and intangible assets	**100**	(57)
Gain on disposal of subsidiaries, net	**–**	49,634
Others	**1,015**	–
	154,758	55,186

7 FINANCE COSTS, NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Finance income		
Interest income on bank deposits	**(2,203)**	(2,276)
Finance costs		
Interest expense on bank borrowings	**9,343**	8,594
Interest expense on lease liabilities *(Note)*	**199,089**	238,115
	208,432	246,709
Finance costs, net	**206,229**	244,433

Note: Interest expense on lease liabilities is arising from recognition of right-of-use assets, which is measured at net present value of the fixed payment.

8 INCOME TAX EXPENSE/(CREDIT)

The income tax expense/(credit) of the Group for the years ended 31 December 2022 and 2021 is analysed as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Current income tax		
– The People's Republic of China ("PRC") corporate income tax	**6,819**	14,903
– Hong Kong profits tax	**4,839**	97
	11,658	15,000
Deferred income tax	**(5,584)**	(34,732)
	6,074	(19,732)

9 LOSS PER SHARE

(a) Basics

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 Year excluding treasury shares.

	Year ended 31 December	
	2022	2021 (restated)
Loss attributable to owners of the Company *(RMB'000)*	**(112,663)**	(143,671)
Less: Distribution to PSCS *(RMB'000)*	**(10,479)**	(6,430)
	(123,142)	(150,101)
Weighted average number of ordinary shares in issue *(thousand shares)*	**468,518**	468,737
Loss per share *(RMB cents per share)*	**(26.3)**	(32.0)

(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, Perpetual Subordinated Convertible Securities ("PSCS") and equity-settlement in relation to the acquisition of 51% issued share capital of Radius Displays International Limited ("equity-settled liabilities") (forming the denominator for computing diluted loss per share).

For the years ended 31 December 2022 and 2021, the Group's PSCS and equity-settled liabilities, 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 Year.

10 DIVIDENDS

At the meeting held on 27 March 2023, the Board does not recommend the payment of a final dividend for the Year (2021: Nil).

11 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Current assets		
Trade receivables (a)	**625,718**	611,284
Less: loss allowance of trade receivables (b)	**(89,911)**	(63,608)
Trade receivables, net	**535,807**	547,676
Other receivables (c)	**140,426**	255,130
Less: loss allowance of other receivables (c)	**(7,985)**	(4,229)
Other receivables, net	**132,441**	250,901
Interest receivables	**147**	81
Value-added-tax ("VAT") recoverable	**55,020**	59,159
Prepayments	**63,364**	76,712
	786,779	934,529
Non-current assets		
Deposits (c)	**9,455**	7,267
Total	**796,234**	941,796

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

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Up to 6 months	**393,826**	442,047
6 months to 12 months	**78,271**	64,927
1 year to 2 years	**63,986**	41,998
2 years to 3 years	**29,650**	17,287
Over 3 years	**59,985**	45,025
	625,718	611,284

(b) Loss allowance of trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which use a lifetime expected loss allowance for all trade receivables. The Group also continuously monitors the credit risks by assessing the credit quality of respective counterparties, taking into account its financial position, past experience and other factors.

The loss allowance increased by RMB26,303,000 during the Year (2021: RMB9,877,000).

(c) Other receivables mainly represent concession deposits paid to various media resources owners and amounts due from certain related parties. The carrying amounts of other receivables approximated the fair value as at 31 December 2022 and 2021.

Other receivables and deposits are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime expected credit losses. The loss allowance of other receivables amounts to RMB7,985,000 (2021: RMB4,229,000).

(d) The carrying amount of the Group's trade and other receivables excluded prepayments are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
RMB	**575,020**	658,388
HKD	**151,794**	204,600
Singapore dollars	**6,056**	2,096
	732,870	865,084

12 TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Trade payables (a)	**123,166**	100,920
Accrued concession fee charges for advertising spaces	**106,174**	89,738
Other taxes payables	**16,539**	13,767
Interests payables	**746**	280
Salary and staff welfare payables	**21,113**	28,284
Consideration payable	**17,971**	–
Other payables	**63,249**	44,943
	348,958	277,932

The carrying amounts of the Group's total trade and other payable are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
RMB	**183,781**	173,190
HKD	**151,164**	103,637
Singapore dollars	**14,013**	1,105
	348,958	277,932

(a) As at 31 December 2022 and 2021, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Up to 6 months	**81,470**	95,729
6 months to 12 months	**7,746**	2,853
1 year to 2 years	**32,563**	865
2 years to 3 years	**206**	359
Over 3 years	**1,181**	1,114
	123,166	100,920

13 BORROWINGS

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Non-current portion		
Bank borrowings, unsecured	**177,408**	131,020
Current portion		
Bank borrowings, secured	**–**	750
Bank borrowings, unsecured	**146,348**	126,254
	146,348	127,004
Total bank borrowings (a)	**323,756**	258,024

(a) At 31 December 2022 and 2021, the Group's borrowings are repayable as follows:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Within 1 year	**146,348**	127,004
Between 1 and 2 years	**57,908**	49,260
Between 2 and 5 years	**119,500**	81,760
	323,756	258,024

The carrying amount of current portion of borrowings approximated their fair values as the impact of discounting was not significant. The carrying amounts and fair values of the non-current portion of borrowings are as follows:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
Carrying amounts	**177,408**	131,020
Fair values	**153,680**	126,515

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
		(restated)
RMB	**61,084**	48,635
HKD	**262,672**	209,389
	323,756	258,024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2022, the global economic environment continued to be clouded by the novel coronavirus ("COVID-19" or "pandemic"), plus uncertainties such as rising geopolitical tensions, interest rate hikes and inflation. To cope with the complicated domestic and international situations, the Group adhered to its media network optimisation strategy, strived to maintain market leadership and pursue diversified development, with the hope of achieving synergies for its business. Moreover, the Group worked hard on promoting development of new technologies as changes in the market commanded.

For the year ended 31 December 2022 (the "Year"), continuing its commitment to driving business growth and improving operational performance, the Group recorded revenue of RMB1,653.2 million (2021: RMB1,895.0 million), and the combined revenue[1] was RMB2,338.7 million (2021: RMB2,622.7 million). Gross profit amounted to RMB269.2 million (2021: RMB358.1 million), with gross profit margin at 16.3%. Earnings before interest, taxes, depreciation and amortisation (EBITDA) totalled at RMB1,152.3 million (2021: RMB1,053.4 million). The Group managed to narrow the loss by 25.9% to RMB89.7 million for the Year (2021: loss of RMB121.1 million), thanks to its resilient operation and swift response to challenges posed by the shrinking market.

During the Year, the Group continued to invest in digital-driven solutions, including its Outdoor and Online ("O&O") New Media Strategy and Digital Out-of-Home ("DOOH") media, and the combined DOOH Plus ("DOOH+"). The Group believed the approach can create greater value for advertisers, media resources owners and target audiences. At the same time, it continued to optimise its media network, via including relinquishing advertising supply with very narrow margins, while strategically seeking to regain resources with growth potential by adopting more appropriate cooperation models. For example, recognizing the opportunities of the key transportation hub, the Group regained the exclusive concession rights to use and operate the advertising resources of Hangzhou Metro Line 2 and Line 4, together with the Line 9, which was newly incorporated into the Group's network, at a much more competitive price in 2023.

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[1] Combined revenue 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.

As at 31 December 2022, the Group was in a healthy financial position with cash and cash equivalents and bank deposits amounting to RMB365.1 million (2021: RMB342.5 million). For the 9th consecutive year, the Group achieved net cash position, giving it a solid foundation for sustainable development.

Performance of Business Segments

Airports

Despite the travel restrictions imposed in Mainland China and Hong Kong during much of the Year, which inevitably affected performance of the segment, the Group continued to serve the need of advertisers and brands in many industries to expand influence and enhance brand image with tailored advertising solutions. However, such efforts were not enough to offset the impact from the lower air passenger throughput, thus revenue of the segment saw a 12.2% drop to RMB554.2 million (2021: RMB630.9 million), while gross profit of RMB170.4 million and gross profit margin at 30.7% were recorded (2021: RMB201.8 million and 32.0%).

In addition to actively enriching its customer base, the Group did its best to grasp emerging business opportunities amidst challenges. With presence at the Haikou Meilan International Airport and Qionghai Bo'ao Airport, which have been benefiting from the country's Hainan Free Trade Zone development strategy, the Group seized the opportunities bred by surging consumption in the region during the Year. Moreover, it optimised its airport media resources network to enhance internal control and improve operational efficiency. With COVID-19-related travel restrictions and testing requirements now being lifted, the Group's strategically-deployed media network are well-positioned to capitalise on market recovery.

Metro lines and billboards

Although the Hong Kong Government launched different measures during the Year to stimulate commercial activities, the metro lines and billboards segment was inevitably dragged down by the widespread impact of strict COVID-19 containment measures. Hindered by weakened travel desire and consumption sentiment, revenue of the segment decreased by 14.3% to RMB596.4 million (2021: RMB695.7 million), with gross profit of RMB32.2 million and gross profit margin at 5.4% (2021: RMB118.7 million and 17.1%).

During the Year, the Group continued to reinforce established partnership with top-tier advertisers and brands by providing them with consistently high-quality services and innovation-driven solutions. In Hong Kong, with the East Rail Line Cross-Harbour Extension, which includes stations in the central business district and areas for leisure and entertainment activities on Hong Kong Island, commencing service, and in Singapore, the 11 new stations along the popular Singapore Thomson-East Coast Line (TEL) opened connecting the vibrant city, the Group was able to extend exceptional Out-of-Home ("OOH") advertising experience to passengers. Moreover, the Beijing Metro Line 17, which advertising and media resources are exclusively operated, managed, maintained and sold by the Group started contributing revenue. With its digitalised network covering the metro line full length, the Group continued to see its O&O new media strategy reaching wider and farther yet in Greater China. Regarding billboards operation, the Group doubled its effort to integrate the DOOH+ solution into digital billboards in prime locations across Hong Kong, so as to create value for advertisers and immersive experience for the target audiences.

Bus and others

The performance of bus media business was adversely affected by the lack lustre macro-environment, while others business, mainly operated by associated companies, had fewer project completed in the second half of the Year. As a result, the segment recorded revenue of RMB502.7 million (2021: RMB568.5 million), representing a 11.6% decrease year-on-year. Gross profit and gross profit margin of the segment are RMB66.6 million and 13.2%, respectively (2021: RMB37.5 million and 6.6%). With the market starting to return to normal, the Group has continued to identify potential projects, so as to ensure sustainable development of the segment.

O&O New Media Strategy Development

The Group firmly believes that only through constant pursuit of new technologies to match changes in the market can it deliver greater value to advertisers, brands, media resources owners and advertising audiences. A pioneering approach to O&O New Media Strategy and DOOH media enabled by digital technology, data analytics, and innovation, Asiaray's DOOH+ solution promises to generate more engagement and thus support more effective advertising campaigns. During the Year, with the approach, the Group continued to offer campaigns empowered by digital intelligence and big data analytics to cater to market demand and also foster development of the industry.

In 2022, Asiaray continued to support recovery of the local economy by launching a wide spectrum of campaigns that combined innovative solutions and seamless offline-to-online experience. For example, it collaborated with a number of organisations in Hong Kong to launch a series of activities on its "Where We Wow" platform, aiming to attract visitors and drive consumption. In addition, by providing an interactive advertisement for travellers in TEL stations in Singapore, it chipped in to help the economy rebound while also seizing the opportunities from the rebound.

On the supply side, the Group, as a leading provider of OOH media services in Asia, spared no effort during the Year to activate for customers its outdoor advertising facilities programmatically via various platforms. On top of the solid partnership it has with several leading technology companies, including Hivestack, The Trade Desk, and Google, the Group secured several major customers during the Year, including Ominicom Media Group and Gojek. Affording greater flexibility, the pDOOH partnership has not only enabled the Group to broaden its customer base, but also showcase more relevant, data-driven, effective advertising solutions to audiences around the world and power the industry.

Prospect

Looking ahead at 2023, while pandemic-related impacts are receding, the operating conditions for the advertising industry may continue to be challenging due to looming geopolitical and economic uncertainties. Nevertheless, the Group remains cautiously optimistic about its business performance in the coming year as it believes, with an optimised media network, it will be able to promptly adopt various business models and accommodate customer demands particularly from emerging industries, and come up with industry-leading innovation-driven solutions for them.

The Group recognises the potential of the Mainland China and Hong Kong markets following the lifting of COVID-19 restrictions and border reopening. That plus the "China-chic" (guochao) trend gaining popularity in recent years, and the return of international exhibitions and business events, are going to create a strong demand for comprehensive nationwide advertising solutions. With thorough understanding of the Greater China region, shrewd insights of market trend and extensive advertising resources in major cities, the Group is well-positioned to seize the new opportunities when they arrive.

Apart from deepening the tightly-knitted relationship with advertisers, brands and media resources owners, as well as diversifying its customer base, the Group also places great importance on optimising internal control. It will continue to implement strategy that focuses on identifying and targeting key demographics and leveraging data analytics to better reach target audiences and allocate resources with precision. In addition, the Group carries out timely review of its media network with an eye on capturing more lucrative opportunities, as well as acquiring advertising resources with development potential through more competitive partnership. By remaining agile and responsive to evolving market conditions, Asiaray aims to maintain its prominent market position and ensure stable operation in the volatile market.

Although the economy has yet to gather strong recovery momentum, the Group remains confident of its financial resilience, overall competitiveness and capability to cope with changes in customer needs and their business models. By remaining nimble in adapting to diverse business models, embracing innovation and digitalisation, plus focusing on providing exceptional experiences to audiences and innovative advertising solutions to advertisers, brands and media resources owners, the Group believes it and its partners will be able to seize market opportunities together to achieve all-win, as well as create greater value for shareholders in the long run.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the Year decreased from RMB1,895.0 million to RMB1,653.2 million, representing a year-on-year decreased by 12.8%. The decrease in revenue was attributed to the termination of airports and metro lines projects.

The airports segment revenue decreased by 12.2% from RMB630.9 million in 2021 to RMB554.2 million in 2022. The decrease is due to the termination projects such as Chengdu airport, Xiamen airport and Xinjiang airport.

The metro and billboards segment revenue decreased by 14.3% from RMB695.7 million in 2021 to RMB596.4 million in 2022. The decrease is due to the termination projects such as Shenzhen metro lines, Kunming metro line and Hangzhou metro line.

The bus and others segment revenue decreased by 11.6% from RMB568.4 million in 2021 to RMB502.6 million in 2022. The decrease is due to the revenue decreased in agency business in respect of sales of advertising spaces in media resources operated by associated companies.

Cost of Revenue

The cost of revenue decreased by RMB152.8 million, or 9.9%, from RMB1,536.9 million in 2021 to RMB1,384.1 million in 2022. It decreased along with the revenue decrement.

Gross Profit and Gross Profit Margin

The gross profit in 2022 decreased by RMB88.9 million, or 24.8%, from RMB358.1 million in 2021 to RMB269.2 million and the gross profit margin decreased from 18.9% in 2021 to 16.3% in 2022.

Selling and Marketing Expenses

The selling and marketing expenses slightly decreased by RMB1.4 million, or 0.9%, from RMB147.9 million in 2021 to RMB149.3 million in 2022.

Administrative Expenses

The administrative expenses decreased by RMB9.3 million, or 5.0%, from RMB185.1 million in 2021 to RMB175.8 million in 2022. The decrease in administrative expenses was mainly attributed to the decrease in sales-related incentives caused by COVID-19 Pandemic and rental payment. Since the landlord of Beijing office (i.e. Billion China International Limited) was acquired by the Group on 14 May 2021, the related rental payment for the Year were fully eliminated as inter-group transaction.

Finance Costs, net

Net finance cost decreased by approximately RMB38.2 million, or 15.6%, from RMB244.4 million in 2021 to RMB206.2 million in 2022. The decrease was primarily attributable to the decrease in interest expense recognized in accordance with HKFRS16. Since no new lease was entered during the period which fall within HKFRS16, the interest expenses on lease liabilities was expected to decrease year-by-year.

Share of net profit/(loss) of investments accounted for using the equity method

The share of results of investments in associates increased by 1,736.4% from a share of net loss of RMB1.1 million in 2021 to a share of net profit of RMB18.0 million in 2022 due to some subsidiaries restructed to associated companies.

Income Tax (Expense)/Credit

Income tax (expense)/credit increased by 131.0% from an income tax credit of RMB19.7 million in 2021 to an income tax expense of RMB6.1 million in 2022.

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

The EBITDA of the Group increased by RMB98.9 million, or 9.4%, from RMB1,053.4 million in 2021 to RMB1,152.3 million in 2022.

Loss attributable to owners of the Company

Loss attributable to owners of the Company decreased by RMB31.0 million, or 21.6%, from RMB143.7 million in 2021 to RMB112.7 million in 2022. The loss was the net effect of the performance of the Group 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 the 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 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 RMB365.1 million as at 31 December 2022, representing an increase of RMB22.6 million compared with that as at 31 December 2021. As at 31 December 2022, the financial ratios of the Group were as follows:

	As at 31 December 2022	As at 31 December 2021
Current ratio (1)	**0.77**	0.75
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 31 December 2022 in the sum of RMB323.8 million. Out of the total borrowings, RMB146.4 million was repayable within one year, while RMB177.4 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 management manages interest rate risks and controls such risks within a reasonable level by closely tracking changes in the macroeconomic environment and monitoring changes in current and projected interest rates on a regular basis, taking into account conditions in the domestic and international markets.

Pledge of Assets

As at 31 December 2022, the Group did not pledge its buildings and land use rights (31 December 2021: carrying amount of RMB18.5 million) to secure borrowings of the Group. The Group has no secured borrowings as at 31 December 2022 (31 December 2021: RMB0.8 million).

Fund Raising Activities/Use of Proceeds

Subscription of perpetual subordinated convertible securities under specific mandate

On 16 July 2021, the Company entered into the subscription agreement which the Company has conditionally agreed to issue perpetual subordinated convertible securities (the "2021 PSCS") in the principal amount of HKD75.0 million convertible into conversion shares at the initial conversion price of HKD2.43 per conversion share under specific mandate. The intended use of proceeds were disclosed in the circular issued by the Company dated 27 September 2021. The issuance of the 2021 PSCS in the principal amount of HKD75.0 million was completed on 1 November 2021. The net proceeds of approximately HKD74.7 million have been fully utilised during the Year. As at 31 December 2022, the 2021 PSCS in the principal amount of HKD75.0 million has not been converted into conversion shares. For details, please refer to the announcements and the circular issued by the Company dated 16 July 2021, 27 September 2021 and 19 October 2021 respectively.

Further, on 13 December 2021, the Company entered into the subscription agreement which the Company has conditionally agreed to issue the perpetual subordinated convertible securities (the "2022 PSCS") in the principal amount of HKD37.5 million convertible into conversion shares at the initial conversion price of HKD1.4 per conversion share under specific mandate. The intended use of proceeds were disclosed in the circular issued by the Company dated 18 February 2022. The issuance of the 2022 PSCS in the principal amount of HKD37.5 million was completed on 27 September 2022. The net proceeds of approximately HKD37.5 million have been fully utilised during the Year. As at 31 December 2022, the 2022 PSCS in the principal amount of HKD37.5 million has not been converted into conversion shares. For details, please refer to the announcements and the circular issued by the Company dated 13 December 2021, 18 February 2022 and 9 March 2022 respectively.

The use of proceeds was as follows:

As at 31 December 2022

Net proceeds raised *(approximately) HKD'000*	**Intended use of the net proceeds**	**Actual used amount** *(approximately) HKD'000*	**Unutilized amount** *(approximately) HKD'000*	**Whether the proceeds are used according to the intention previously disclosed**
74,700 (Issue of 2021 PSCS)	General working capital (Payment of concession fee)	74,700	Nil	Yes
37,500 (Issue of 2022 PSCS)	General working capital (Operation and payment of concession fee)	37,500	Nil	Yes

Capital Expenditures

The Group's 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 years ended 31 December 2022 and 2021 were RMB51.5 million and RMB56.0 million, respectively.

Contingent liabilities

The Group had no material contingent liabilities outstanding as at 31 December 2022 and 31 December 2021.

Important events after the reporting period

On 9 February 2023, 上海雅仕維廣告傳播有限公司 (Shanghai Asiaray Advertising Media Company Limited*) and 杭州地鐵商業經營管理有限公司 (Hangzhou Metro Commercial Operation and Management Co., Ltd.*) entered into an advertising resources operation contract in respect of the exclusive concession rights to use and operate the advertising resources in Hangzhou metro line 2, line 4 and line 9 for a period of 5 years commencing on 1 January 2023. For details, please refer to the announcement of the Company dated 9 February 2023.

Save as disclosed above, there is no other important event affecting the Group which have occurred since 31 December 2022 and up to the date of this announcement.

HUMAN RESOURCES

The Group offers competitive remuneration packages, including trainings, medical, insurance coverage and retirement benefits, to all employees in Hong Kong and in Mainland China. As at 31 December 2022, the Group has 932 employees (2021: 1,135 employees). The total salaries and related costs for the years ended 31 December 2022 and 2021 amounted to RMB230.0 million and RMB232.7 million, respectively.

* *For identification purpose only*

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Year (2021: Nil).

CLOSURE OF REGISTER OF MEMBERS

Annual General Meeting

The register of members of the Company will be closed from Tuesday, 30 May 2023 to Friday, 2 June 2023, both days inclusive, during which period no transfer of shares will be effected.

In order to determine who are eligible to attend and vote at the annual general meeting of the Company to be held on Friday, 2 June 2023 (the "AGM"), the shareholders of the Company should ensure that all transfers documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 29 May 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

CORPORATE GOVERNANCE

During the Year, the Company had complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except the deviations from code provisions C.2.1 and C.1.6 of the CG Code.

Under code provision C.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. Mr. Lam Tak Hing, Vincent currently assumes the roles of both the chairman of the Board and the chief executive officer (the "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 C.1.6 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 and an independent non-executive Director were unable to attend an extraordinary general meeting or an annual general meeting of the Company during the Year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code for directors' securities transactions. All the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the Year.

CONSTITUTIONAL DOCUMENTS

During the Year, the Company had not made any changes to its Memorandum and Articles of Association ("M&A"). However, the Company proposes to make certain amendments to its existing M&A to, among other things, (i) conform the existing M&A to the Core Shareholder Protection Standards set out in Appendix 3 to the Listing Rules; (ii) reflect certain updates in relation to the Listing Rules and the applicable laws of the Cayman Islands; and (iii) make other consequential and housekeeping improvements in the AGM. The Company will publish an announcement as and when appropriate.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has together with the Board reviewed and approved the audited annual results of the Group for the Year disclosed herein.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

All the financial and other related information of the Company required by the Listing Rules will be published on the website of each of The Stock Exchange of Hong Kong Limited (https://www.hkexnews.hk) and the Company (https://www.asiaray.com/en/home/) in due course.

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

Hong Kong, 30 March 2023

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