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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)**

**MAJOR TRANSACTION**  
**IN RELATION TO ADVERTISING RESOURCES OPERATION**  
**FOR CERTAIN SHENZHEN METRO LINES**

**ADVERTISING RESOURCES OPERATION CONTRACTS**

The Board is pleased to announce that (i) on 5 March 2024<sup>(1)(2)</sup>, Shanghai Advertising Media entered into the Shenzhen Metro Contract with Shenzhen Metro, pursuant to which Shanghai Advertising Media was granted the exclusive concession rights to use and operate the advertising resources in Shenzhen metro line 3, line 6, sub-line 6, line 10, line 14 and line 16 operated by Shenzhen Metro with concession fees payable to Shenzhen Metro; and (ii) on 7 March 2024<sup>(2)(3)</sup>, Shanghai Advertising Media entered into the Shenzhen Line 12 Contract with Shenzhen Rail Transit pursuant to which Shanghai Advertising Media was granted the exclusive concession rights to use and operate the advertising resources in Shenzhen metro line 12 operated by Shenzhen Rail Transit with concession fees payable to Shenzhen Rail Transit. As at the date of this announcement, Shenzhen Metro is the majority shareholder of Shenzhen Rail Transit.

**LISTING RULES IMPLICATIONS**

Under HKFRS 16, the entering into of the Contracts will require the Group to recognise the exclusive rights as right-of-use assets in the consolidated financial statements of the Company according to HKFRS 16. As such, the entering into of the Contracts will be regarded as acquisitions of assets by the Group under Chapter 14 of the Listing Rules.

As the highest applicable Percentage Ratio of the transactions contemplated under the Contracts, when aggregated, is higher than 25% but lower than 100%, the entering into of the Contracts constitute a major transaction of the Company and is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for such approval. Media Cornerstone Limited, being a controlling Shareholder holding 254,921,500 Shares, representing approximately 52.57% of the issued Shares as at the date of this announcement, has given its written approval for the Contracts and the transactions contemplated thereunder and such written approval can be accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting of the Company will be convened for the purpose of approving the Contracts pursuant to Rule 14.44 of the Listing Rules.

A circular containing, amongst others, details of the Contracts and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 17 April 2024. If additional time is required for preparing the circular, the Company will apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and thereafter publish an announcement in accordance with the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that (i) on 5 March 2024<sup>(1)(2)</sup>, Shanghai Advertising Media entered into the Shenzhen Metro Contract with Shenzhen Metro, pursuant to which Shanghai Advertising Media was granted the exclusive concession rights to use and operate the advertising resources in Shenzhen metro line 3, line 6, sub-line 6, line 10, line 14 and line 16 operated by Shenzhen Metro with concession fees payable to Shenzhen Metro; and (ii) on 7 March 2024<sup>(2)(3)</sup>, Shanghai Advertising Media entered into the Shenzhen Line 12 Contract with Shenzhen Rail Transit pursuant to which Shanghai Advertising Media was granted the exclusive concession rights to use and operate the advertising resources in Shenzhen metro line 12 operated by Shenzhen Rail Transit with concession fees payable to Shenzhen Rail Transit. As at the date of this announcement, Shenzhen Metro is the majority shareholder of Shenzhen Rail Transit.

### *Notes:*

1. A counterpart of Shenzhen Metro Contract was received by the Company on 15 March 2024.
2. Shenzhen Metro Contract and Shenzhen Line 12 Contract are inter-conditional.
3. A counterpart of Shenzhen Line 12 Contract was received by the Company on 20 March 2024.

## THE CONTRACTS

(1) Principal terms of the Shenzhen Metro Contract are set out below:-

- Date : 5 March 2024
- Parties : (i) Shanghai Advertising Media  
(ii) Shenzhen Metro
- Subject matter : Shanghai Advertising Media has been granted the exclusive concession rights to use and operate the advertising resources in Shenzhen metro line 3, line 6, sub-line 6, line 10, line 14 and line 16 operated by Shenzhen Metro with concession fees payable to Shenzhen Metro.
- Term : Commencing on 5 February 2024 and ending on 31 December 2029 (5 February 2024 to 29 February 2024 being rent free period), renewable for a further term of 3 years if Shanghai Advertising Media requests the renewal and consents to the terms of the renewed contract, subject to the final confirmation of Shenzhen Metro.
- Concession Fees : The minimum concession fees for the entire term of the Shenzhen Metro Contract is approximately RMB200 million (excluding VAT) (equivalent to approximately HK\$220 million) if the Annual Revenue does not exceed the AR Watermark, subject to additional revenue concession fees calculated based on the Annual Revenue if the Annual Revenue exceeds the AR Watermark.
- The concession fees will be settled by internal resources of the Group on a monthly basis.
- Basis of Concession Fees : The total concession fees of approximately RMB200 million (excluding VAT) was determined based on the Expected Annual Revenue.

Guarantee : Shanghai Advertising Media agreed to pay to Shenzhen Metro a sum equivalent to six months of the minimum concession fees for the year ending 31 December 2029 as guarantee for the performance of the Shenzhen Metro Contract in the form of irrevocable bank guarantee. The initial bank guarantee shall be provided within 15 working days from the signing of the Shenzhen Metro Contract.

(2) Principal terms of the Shenzhen Line 12 Contract are set out below:-

Date : 7 March 2024

Parties : (i) Shanghai Advertising Media  
(ii) Shenzhen Rail Transit

Subject matter : Shanghai Advertising Media was granted the exclusive concession rights to use and operate the advertising resources in Shenzhen metro line 12, operated by Shenzhen Rail Transit with concession fees payable to Shenzhen Rail Transit.

Term : Commencing on 5 February 2024 and ending on 31 December 2029 (5 February 2024 to 29 February 2024 being rent free period), renewable for a further term of 3 years if Shanghai Advertising Media requests the renewal and consents to the terms of the renewed contract, subject to the final confirmation of Shenzhen Rail Transit.

Concession Fees : The minimum concession fees for the entire term of the Shenzhen Line 12 Contract is approximately RMB30 million (excluding VAT) (equivalent to approximately HK\$33 million) if the Annual Revenue does not exceed the AR Watermark, subject to additional revenue concession fees calculated based on the Annual Revenue if the Annual Revenue exceeds the AR Watermark.

The concession fees will be settled by internal resources of the Group on a monthly basis.

- Basis of Concession Fees** : The total concession fees of RMB30 million (excluding VAT) was determined based on the Expected Annual Revenue.
- Guarantee** : Shanghai Advertising Media agreed to pay to Shenzhen Rail Transit a sum equivalent to six months of the minimum concession fees for the year ending 31 December 2029 as guarantee for the performance of the Shenzhen Line 12 Contract in the form of irrevocable bank guarantee. The initial bank guarantee shall be provided within 15 working days from the signing of the Shenzhen Line 12 Contract.

## **INFORMATION OF THE GROUP**

### **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 and Hong Kong, Macau and Southeast Asia.

### **Shanghai Advertising Media**

Shanghai Advertising Media was established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Shanghai Advertising Media is principally engaged in out-of-home advertising media services in the PRC.

## **INFORMATION OF SHENZHEN METRO**

Shenzhen Metro was established in the PRC with limited liability. Shenzhen Metro is principally engaged in property management and construction and operation of the metro lines in the PRC. The ultimate beneficial owner of Shenzhen Metro is State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal (深圳市人民政府國有資產監督管理委員會).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Shenzhen Metro and its ultimate beneficial owner are third parties independent of the Company and its connected persons under the Listing Rules.

## **INFORMATION OF SHENZHEN RAIL TRANSIT**

Shenzhen Rail Transit was established in the PRC with limited liability. Shenzhen Rail Transit is principally engaged in constructing, designing, developing, operating and utilizing comprehensively in rail transit project. The ultimate beneficial owners of Shenzhen Rail Transit are State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal (深圳市人民政府國有資產監督管理委員會) and Power Construction Corporation of China Limited (中國電力建設股份有限公司), the shares of which are listed and traded on the Shanghai Stock Exchange (stock code: 601669).

Shenzhen Metro is the majority shareholder of Shenzhen Rail Transit.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Shenzhen Rail Transit and its ultimate beneficial owners are third parties independent of the Company and its connected persons under the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRACTS**

The Group is an outstanding out-of-home media group in Greater China with a strategic focus on mega transport advertising media management, including airport, metro line, high-speed rail line and outdoor billboard.

Shenzhen is a key transportation hub in the PRC and a main connection to the rest of the country. The Contracts would enable the Group to leverage on its existing exclusive concession rights to operate the advertising media resources in Shenzhen Metro Lines, enabling the Group to capture the city's vibrant growth and provide travel audience with an enjoyable travel experience.

In compliance with HKFRS 16, the valuation of the right-of-use assets under the Contracts prepared by an independent valuer in the aggregate sum of approximately RMB195 million (equivalent to approximately HK\$215 million) (the "**Valuation**") would be recognised as asset. The Valuation was determined based on the fixed portion of the Company's future payment. Therefore, the Company believes that the Valuation is an appropriate value for recognising the right-of-use assets.

The terms of the Contracts have been arrived at after arm's length negotiations between the parties. In view of the above, the Directors consider that the terms of the Contracts and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Under HKFRS 16, the entering into of the Contracts will require the Group to recognise the exclusive rights as right-of-use assets in the consolidated financial statements of the Company according to HKFRS 16. As such, the entering into of the Contracts will be regarded as acquisitions of assets by the Group under Chapter 14 of the Listing Rules.

As the highest applicable Percentage Ratio of the transactions contemplated under the Contracts, when aggregated, is higher than 25% but lower than 100%, the entering into of the Contracts constitute a major transaction of the Company and is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for such approval. Media Cornerstone Limited, being a controlling Shareholder holding 254,921,500 Shares, representing approximately 52.57% of the issued Shares as at the date of this announcement, has given its written approval for the Contracts and the transactions contemplated thereunder and such written approval can be accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting of the Company will be convened for the purpose of approving the Contracts pursuant to Rule 14.44 of the Listing Rules.

A circular containing, amongst others, details of the Contracts and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 17 April 2024. If additional time is required for preparing the circular, the Company will apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and thereafter publish an announcement in accordance with the Listing Rules.

## DEFINITIONS

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

“Annual Revenue”	the actual revenue generated from the operation of the Shenzhen metro line 3, line 6, sub-line 6, line 10, line 12, line 14 and line 16
“AR Watermark”	the Annual Revenue watermark for the purpose of determining whether additional revenue concession fees are payable by the Group under the Contracts
“Board”	the board of Directors
“Company”	Asiaray Media Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 1993)
“Contracts”	the Shenzhen Metro Contract and the Shenzhen Line 12 Contract
“Directors”	the directors of the Company
“Expected Annual Revenue”	the Annual Revenue for each year expected to be achieved by the Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency in Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standards 16 “ <i>Leases</i> ”
“Hong Kong”	Hong Kong Special Administrative Region of the PRC



“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Percentage Ratio(s)”	the percentage ratio(s) as defined under Rule 14.07 of the Listing Rules applied for determining the classification of notifiable transactions under the Listing Rules
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Advertising Media”	上海雅仕維廣告傳播有限公司 (Shanghai Asiaray Advertising Media Company Limited*), a company established in the PRC with limited liability on 29 November 2006 and an indirect wholly-owned subsidiary of the Company
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of nominal value of HK\$0.10 each in the share capital of the Company
“Shenzhen Line 12 Contract”	the advertising resources operation contract dated 7 March 2024 entered into between Shanghai Advertising Media and Shenzhen Rail Transit in respect of the exclusive concession rights to use and operate the advertising resources in Shenzhen metro line 12 operated by Shenzhen Rail Transit
“Shenzhen Metro”	深圳市地鐵集團有限公司 (Shenzhen Metro Group Co., Ltd.*), a company established in the PRC with limited liability on 31 July 1998

“Shenzhen Metro Contract”	the advertising resources operation contract dated 5 March 2024 entered into between Shanghai Advertising Media and Shenzhen Metro in respect of the exclusive concession rights to use and operate the advertising resources in Shenzhen metro line 3, line 6, sub-line 6, line 10, line 14 and line 16 operated by Shenzhen Metro
“Shenzhen Metro Lines”	Shenzhen metro line 3, line 6, sub-line 6, line 10, line 12, line 14 and line 16 (for the purpose of this announcement)
“Shenzhen Rail Transit”	深圳市十二號綫軌道交通有限公司 (Shenzhen Line 12 Rail Transit Co., Ltd*), a company established in the PRC with limited liability on 27 November 2020
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“VAT”	value added tax
“%”	per cent

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

Hong Kong, 22 March 2024

*As at the date of this announcement, the executive Directors are Mr. Lam Tak Hing, Vincent JP and Mr. Kwan Tat Cheong; the non-executive Directors are Mr. Lam Ka Po and Ms. Wu Xiaopin; and the independent non-executive Directors are Mr. Ma Andrew Chiu Cheung, Mr. Ma Ho Fai GBS JP and Ms. Mak Ka Ling.*

*For illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00=HK\$1.10, 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.*

\* For identification purpose only