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 2024

The board of directors (the "Board" and the "Directors", respectively) of Asiaray Media Group Limited (the "Company", together with its subsidiaries, the "Group") announces the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2024 (the "Period"), together with the comparative figures for the corresponding period of 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**580,953**	718,430
Cost of revenue		**(416,006)**	(565,662)
Gross profit		**164,947**	152,768
Selling and marketing expenses		**(58,108)**	(58,713)
Administrative expenses		**(74,924)**	(77,976)
Net (impairment losses)/reversal of impairment losses on financial assets		**(6,223)**	10,452
Other income	*6*	**5,124**	10,575
Other gains, net	*7*	**15,217**	60,150
Operating profit	*5*	**46,033**	97,256

	Note	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Finance income	8	**1,305**	1,730
Finance costs	8	**(54,736)**	(71,584)
Finance costs, net	8	**(53,431)**	(69,854)
Share of net loss of investments accounted for using the equity method		**(2,016)**	(7,720)
(Loss)/profit before income tax		**(9,414)**	19,682
Income tax credit/(expense)	9	**1,847**	(16,813)
(Loss)/profit for the period		**(7,567)**	2,869
(Loss)/profit attributable to:			
Owners of the Company		**(13,979)**	(9,183)
Non-controlling interests		**6,412**	12,052
		(7,567)	2,869
Other comprehensive (loss)/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		**(84)**	(7)
– Currency translation differences		**(1,900)**	8,357
Items that will not be reclassified to profit or loss			
– Currency translation differences		**3,234**	–
		1,250	8,350
Total comprehensive (loss)/income for the period		**(6,317)**	11,219
Attributable to:			
Owners of the Company		**(12,824)**	(1,061)
Non-controlling interests		**6,507**	12,280
Total comprehensive (loss)/income for the period		**(6,317)**	11,219
Loss per share attributable to owners of the Company for the period (expressed in RMB cents per share)			
– Basic and diluted	10	**(4.2)**	(3.2)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**123,744**	133,767
Right-of-use assets	*14*	**1,125,141**	1,178,457
Investment properties		**92,937**	92,013
Intangible assets		**10,699**	11,441
Investments accounted for using the equity method		**51,791**	53,807
Financial assets at fair value through profit or loss		**11,791**	9,335
Financial assets at fair value through other comprehensive income		**6,093**	6,152
Deferred income tax assets		**200,559**	197,028
Deposits	*12*	**5,582**	5,241
		1,628,337	1,687,241
Current assets			
Inventories		**61,489**	43,196
Trade and other receivables	*12*	**638,992**	750,861
Current income tax recoverable		**4,616**	4,565
Financial assets at fair value through profit or loss		**–**	891
Restricted cash		**14,205**	23,541
Cash and cash equivalents		**262,815**	367,241
		982,117	1,190,295
Total assets		**2,610,454**	2,877,536

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**38,947**	38,947
Reserves		**70,263**	87,718
		109,210	126,665
Non-controlling interests		**127,224**	120,717
Total equity		**236,434**	247,382
Liabilities			
Non-current liabilities			
Borrowings		**135,128**	147,193
Lease liabilities	*14*	**1,041,836**	1,041,041
Deferred income tax liabilities		**1,198**	1,316
		1,178,162	1,189,550
Current liabilities			
Trade and other payables	*13*	**165,786**	253,818
Contract liabilities		**100,803**	78,663
Borrowings		**243,829**	269,752
Current income tax liabilities		**1,721**	2,135
Lease liabilities	*14*	**683,719**	836,236
		1,195,858	1,440,604
Total liabilities		**2,374,020**	2,630,154
Total equity and liabilities		**2,610,454**	2,877,536

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 20 May 2014 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the Company's registered office is PO 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 (the "Stock Exchange") on 15 January 2015.

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

The condensed consolidated interim financial information are presented in Renminbi ("RMB") and all figures are rounded to the nearest thousand (RMB'000), unless otherwise stated, and have been approved by the Board on 28 August 2024.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2024 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

As at 30 June 2024, the Group's current liabilities exceeded its current assets by approximately RMB213,741,000 (31 December 2023: RMB250,309,000). The net current liabilities were mainly attributable to borrowings of RMB243,829,000 (31 December 2023: RMB269,752,000) recognised as current liabilities and the recognition of lease liabilities of approximately RMB683,719,000 (31 December 2023: RMB836,236,000) included in current liabilities and approximately RMB1,041,836,000 (31 December 2023: RMB1,041,041,000) included in non-current liabilities, while the associated right-of-use assets amounting to approximately RMB1,125,141,000 (31 December 2023: RMB1,178,457,000) were recognised in non-current assets.

The Directors are of the opinion that taking into account the Group's available sources of funds, including the Group's expected net cash inflows from its operating activities, the Group's ability to comply with the financial covenant requirements and the continuous support from its banks, the Group will have sufficient working capital to fulfil its financial obligations as and when they fall due in the coming twelve months from 30 June 2024. Accordingly, these condensed consolidated interim financial information have been prepared on a going concern basis.

The principal accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, except for the adoption of amended standards and interpretation as set out below.

(a) Amended standards and interpretation adopted by the Group

The following amended standards and interpretation have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2024:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements

The adoption of these amended standards and interpretation does not have any significant impact on the results and financial position of the Group.

(b) New and amended standards and interpretation not yet adopted by the Group

The following new and amended standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2024 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5 (Amendments)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	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 and interpretation, but is 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 condensed consolidated 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 condensed consolidated 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 2023.

4 SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision-maker ("CODM") of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The CODM identifies operating segments based on these reports.

The CODM 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 services in bus exterior & interior, and bus shelter, and also advertising services from other media spaces.

The CODM 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 CODM 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 credit/(expense) are also not allocated to individual operating segment.

There are no segment assets and liabilities information provided to CODM.

The segment information for the operating segments is as follows:

	Airport business *RMB'000*	Metro and billboards business *RMB'000*	Bus and other business *RMB'000*	Total *RMB'000*
(Unaudited)				
Six months ended 30 June 2024				
Revenue	**180,822**	**187,098**	**213,033**	**580,953**
Cost of revenue	**(101,901)**	**(132,917)**	**(181,188)**	**(416,006)**
Gross profit	**78,921**	**54,181**	**31,845**	**164,947**
Share of net (loss)/profit of investments accounted for using the equity method	**(2,775)**	**759**	**–**	**(2,016)**
Segment results	**76,146**	**54,940**	**31,845**	**162,931**
Selling and marketing expenses				**(58,108)**
Administrative expenses				**(74,924)**
Net impairment losses on financial assets				**(6,223)**
Other income				**5,124**
Other gains, net				**15,217**
				44,017
Finance income				**1,305**
Finance costs				**(54,736)**
Finance costs, net				**(53,431)**
Loss before income tax				**(9,414)**

	Airport business *RMB'000*	Metro and billboards business *RMB'000*	Bus and other business *RMB'000*	Total *RMB'000*
(Unaudited)				
Six months ended 30 June 2023				
Revenue	248,298	264,782	205,350	718,430
Cost of revenue	(183,662)	(186,745)	(195,255)	(565,662)
Gross profit	64,636	78,037	10,095	152,768
Share of net (loss)/profit of investments accounted for using the equity method	(8,805)	1,085	–	(7,720)
Segment results	55,831	79,122	10,095	145,048
Selling and marketing expenses				(58,713)
Administrative expenses				(77,976)
Net reversal of impairment losses on financial assets				10,452
Other income				10,575
Other gains, net				60,150
				89,536
Finance income				1,730
Finance costs				(71,584)
Finance costs, net				(69,854)
Profit before income tax				19,682

Revenue consists of the following:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Advertising display revenue	**454,542**	569,608
Advertising production, installation and dismantling revenue	**126,411**	148,822
	580,953	718,430

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue over time	**454,542**	569,608
Revenue at a point in time	**126,411**	148,822
	580,953	718,430

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Mainland China	**319,130**	447,251
Hong Kong and others	**261,823**	271,179
	580,953	718,430

The Group has a large number of customers, none of whom contributed 10% or more of the Group's total revenue during six months ended 30 June 2024 and 2023.

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

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Mainland China	**1,147,689**	1,163,852
Hong Kong	**239,434**	290,016
Others	**22,771**	20,858
	1,409,894	1,474,726

5 OPERATING PROFIT

The following items have been charged to the operating profit during the interim period:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Variable concession fee charges for advertising spaces	**56,792**	46,584
Expenses related to short-term concession fee	**41,594**	81,324
Depreciation of property, plant and equipment	**12,920**	21,570
Depreciation of right-of-use assets *(Note 14)*	**260,816**	361,981
Impairment losses on right-of-use assets *(Note 14)*	**5,300**	–
Employee benefit expenses	**93,405**	101,295
Project installation and dismantling costs	**54,143**	43,651
Travelling and entertainment expenses	**7,944**	7,560
Amortisation of intangible assets	**1,082**	1,180

6 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Advertising design service income	**2,891**	1,397
Advertising consulting service income	**48**	1,509
Rental income	**1,587**	3,229
Dividend income	**194**	190
Compensation from counter parties for breach of contracts	**–**	1,158
Government subsidy income *(Note)*	**–**	121
Others	**404**	2,971
	5,124	10,575

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

7 OTHER GAINS, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net gains from early termination of leases	**14,798**	62,658
Fair value losses on investment properties	**(1,393)**	–
Fair value losses on financial assets at fair value through profit or loss	**(257)**	–
(Losses)/gains on disposal of property, plant and equipment	**(44)**	36
Net exchange gains/(losses)	**424**	(2,384)
Others	**1,689**	(160)
	15,217	60,150

8 FINANCE COSTS, NET

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
Interest income on bank deposits	**(1,305)**	(1,730)
Finance costs		
Interest expense on bank borrowings	**11,269**	9,956
Interest expense on lease liabilities	**43,467**	61,628
	54,736	71,584
Finance costs, net	**53,431**	69,854

9 INCOME TAX (CREDIT)/EXPENSE

The income tax (credit)/expense of the Group for the six months ended 30 June 2024 and 2023 is analysed as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
PRC corporate income tax	**1,677**	4,331
Deferred income tax	**(3,605)**	12,482
Under-provision in prior years	**81**	–
	(1,847)	16,813

10 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company less the distribution of perpetual subordinated convertible securities ("PSCS"), by the weighted average number of ordinary shares in issue during the period excluding treasury shares.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (RMB'000)	**(13,979)**	(9,183)
Less: distribution to PSCS (RMB'000)	**(5,775)**	(5,603)
	(19,754)	(14,786)
Weighted average number of ordinary shares in issue (thousands shares)	**475,934**	469,097
Loss per share (RMB cents per share)	**(4.2)**	(3.2)

(b) Diluted loss per share

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.

For the period ended 30 June 2024 and 2023, the Group's 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 periods.

11 DIVIDENDS

No dividend was paid or proposed during the six months ended 30 June 2024 and 2023, nor has any dividend been proposed since the end of the interim reporting period.

12 TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 *RMB'000* (Unaudited)	As at 31 December 2023 *RMB'000* (Audited)
Current assets		
Trade receivables *(a)*	**464,795**	559,116
Less: loss allowance of trade receivables	**(97,089)**	(93,117)
Trade receivables, net	**367,706**	465,999
Other receivables	**120,664**	131,018
Less: loss allowance of other receivables	**(4,173)**	(3,963)
Other receivables, net	**116,491**	127,055
Interest receivable	**67**	60
Value-added-tax recoverable	**45,351**	59,464
Prepayments	**109,377**	98,283
	638,992	750,861
Non-current assets		
Deposits	**5,582**	5,241
Total	**644,574**	756,102

(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 2024 *RMB'000* (Unaudited)	As at 31 December 2023 *RMB'000* (Audited)
Up to 6 months	**222,442**	338,190
6 months to 12 months	**78,851**	62,638
1 year to 2 years	**49,499**	53,060
2 years to 3 years	**32,921**	33,533
Over 3 years	**81,082**	71,695
	464,795	559,116

13 TRADE AND OTHER PAYABLES

	As at 30 June 2024 *RMB'000* (Unaudited)	As at 31 December 2023 *RMB'000* (Audited)
Trade payables	**45,741**	113,994
Accrued concession fee charges for advertising spaces	**70,071**	50,804
Other taxes payables	**6,436**	18,692
Interests payables	**857**	1,035
Salary and staff welfare payables	**10,171**	20,596
Other payables	**32,510**	48,697
	165,786	253,818

Ageing analysis of the trade payables by invoice date is as follows:

	As at 30 June 2024 *RMB'000* (Unaudited)	As at 31 December 2023 *RMB'000* (Audited)
Up to 6 months	**30,502**	93,143
6 months to 12 months	**4,721**	5,399
1 year to 2 years	**3,506**	5,048
2 years to 3 years	**6,104**	9,493
Over 3 years	**908**	911
	45,741	113,994

14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Balance recognised in the condensed consolidated interim balance sheet

Right-of-use assets

	Land use rights *RMB'000*	**Advertising fixtures** *RMB'000*	**Offices** *RMB'000*	**Total** *RMB'000*
As at 1 January 2024 (Audited)	**17,945**	**1,146,227**	**14,285**	**1,178,457**
Additions	**–**	**227,639**	**2,367**	**230,006**
Depreciation *(Note 5)*	**(284)**	**(256,367)**	**(4,165)**	**(260,816)**
Termination	**–**	**(53,350)**	**(789)**	**(54,139)**
Modification	**–**	**35,604**	**–**	**35,604**
Impairment loss *(Note 5)*	**–**	**(5,300)**	**–**	**(5,300)**
Currency translation differences	**–**	**1,264**	**65**	**1,329**
As at 30 June 2024 (Unaudited)	**17,661**	**1,095,717**	**11,763**	**1,125,141**
As at 1 January 2023 (Audited)	18,513	1,383,922	15,927	1,418,362
Additions	–	475,158	1,665	476,823
Depreciation *(Note 5)*	(284)	(355,960)	(5,737)	(361,981)
Termination	–	(277,565)	(65)	(277,630)
Modification	–	242,585	413	242,998
Currency translation differences	–	10,437	244	10,681
As at 30 June 2023 (Unaudited)	18,229	1,478,577	12,447	1,509,253

Lease liabilities

	As at 30 June 2024 *RMB'000* **(Unaudited)**	As at 31 December 2023 *RMB'000* (Audited)
Current portion	**683,719**	836,236
Non-current portion	**1,041,836**	1,041,041
Total lease liabilities	**1,725,555**	1,877,277

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Despite a cautious macroeconomic environment, the Group's operational optimization strategy of reviewing its media network to achieve tighter cost control presented a fruitful result. The Group recorded a notable improvement in its gross profit during the first half of 2024, with an increase of RMB12.1 million to RMB164.9 million from RMB152.8 million in the first half of 2023. While its gross profit margin also recorded an increase from 17.3% in the first half of 2022 to 21.3% in the first half of 2023, rising by a further 7.1 percentage points to 28.4% for the Period. This marked the third consecutive year of significant year-on-year improvements in the Group's gross profit margin. This outcome mainly attributed to the Group's selective exit from non-profitable media resources and ongoing improvements to existing assets, while re-acquiring media resources with development potential on more favorable terms and competitive costs.

However, as the re-acquired media resources exhibited a lag in their revenue contribution which did not cover the entire six-month period, the Group recorded revenue of RMB581.0 million (six months ended 30 June 2023: RMB718.4 million) for the six months ended 30 June 2024. Additionally, the ongoing streamlining of the internal structure for the previous business expansion was not fully reflected, and involved various one-time expenses, resulting in a net loss of RMB7.6 million (six months ended 30 June 2023: net profit of RMB2.9 million) for the Period. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to RMB320.1 million (six months ended 30 June 2023: RMB476.0 million).

The Group leveraged its diverse media presence in the mega transport sector, securing aligned cross-modal, cross-border, and cross-national projects. Along with stringent internal controls and cost measures, the Group was in a sound financial position as of 30 June 2024.

Performance of Business Segments

Airports

Segment revenue for the Period was RMB180.8 million (six months ended 30 June 2023: RMB248.3 million), with gross profit of RMB78.9 million and gross profit margin of 43.6% (six months ended 30 June 2023: RMB64.6 million and 26.0%).

During the Period, Asiaray's optimization strategy added momentum to this business segment. The Group successfully regained the advertising and media contracts at Haikou Meilan International Airport. Through disciplined negotiations and leveraging the economies of scale across its diverse portfolio, the Group was able to bring these media operations back in-house at a significantly lower overall cost. These strategic actions not only reinforced the Group's market position, but also enabled more effective resource allocation and improved profitability.

Metro lines and billboards

The segment recorded revenue of RMB187.1 million (six months ended 30 June 2023: RMB264.8 million), with gross profit of RMB54.2 million and gross profit margin of 29.0% (six months ended 30 June 2023: RMB78.0 million and 29.5%).

In addition to the promising performance of the High Speed Rail of Hong Kong West Kowloon Station boosted by cross-border consumer activities, Asiaray also successfully reacquired the exclusive concession rights for advertising and media resources on nine Shenzhen Metro Lines during the Period, after relinquishing them in 2022 and 2023. This is another successful example of the Group's optimization strategy. Apart from the operation in China, the Group's exclusive media resources on the Thomson-East Coast MRT Line's ("TEL") Stage 4 in Singapore, which commenced operations in June 2024, have seen a 30% increase in passenger flow according to internal data. Leveraging this platform, the HSBC Rugby 7 campaign demonstrated success by displaying targeted advertisements on a 20-meter LED wall facing the ION shopping center. The advertisements were tailored to specific demographics. Measurement techniques were used to analyze the gender composition of passersby, allowing the video messages to be dynamically adjusted to align with the observed audience.

In terms of billboard operations, Asiaray has maintained its leadership in billboard advertising in prime locations across Hong Kong. During the summer of this year, Asiaray has collaborated with the broadcasting partners to showcase Olympic highlights in its spaces, transforming a giant 3D billboard in Tsim Sha Tsui to convey the spirit of the Games and cheer up for the Hong Kong athletes. Moreover, as a community-minded enterprise, the Group partnered with landlord to support HKWALLS Festival 2024, the campaign utilizing electronic media resources and creating a digital art gallery on Hong Kong Island to further promote the street artists of Hong Kong. Collectively, these initiatives have enabled the Group to join hands with the advertisers and brands to tap into the city's vibrant growth and provide travelers with an enjoyable travel experience.

Bus and others

Segment revenue increased to RMB213.0 million for the Period (six months ended 30 June 2023: RMB205.4 million), while gross profit improved to RMB31.8 million, with the gross profit margin increasing to 14.9% (six months ended 30 June 2023: RMB10.1 million and 4.9%). During the period, Asiaray applied its unique "5 Senses" space management philosophy to formulate the advertising solution for a well-known soft drink brand, incorporating misting devices in bus stops to bring a rare cool experience to the city in the hot summer. This made the advertisement not only visually appealing, but also pleasurable to the senses of travelers. Moreover, the Group's advertising solution for a famous beer brand stood out from over 3,500 entries at the 24th IAI AWARDS[1] and won the Excellence Award, becoming the top 15% of the best cases. The project transformed the bus shelter into a fresh new look, bringing a different nightscape and a refreshing experience for every passer-by.

O&O New Media Strategy Development

Asiaray firmly believes that continuously embracing emerging technologies born out of changing market dynamics is essential to delivering greater value. During the Period, the Group continued to leverage its industry-leading Outdoor and Online ("O&O") New Media Strategy and Digital Out-of-Home Plus ("DOOH+") platform. This integrated approach brings together best-in-class interactive technologies, from augmented reality ("AR") and virtual reality ("VR") to real-time audience targeting and performance analytics. During Chinese New Year, Asiaray transformed Nathan Road bus stops in Tsim Sha Tsui with an interactive "clawing machine" installation. Travelers could clip their own New Year's blessings, creating an immersive experience that resonated with the community and enhanced brand interaction. This "CNY Busznival" project won the Gold Award for OOH Contextual Marketing Award at the 21st China Outdoor Communication Conference[2]. Also in Hong Kong, the Group assisted an international fast food brand to launch an innovative advertisement, a fun and interactive project that earning a burger by scanning a QR code in the 3D visual effect. The project attracted countless eyes with its use of naked-eye 3D DOOH billboards. As for Mainland, the Group collaborated with a renowned singer to create a concert publicity extravaganza, transforming the Hangzhou Metro space into a time-traveling tunnel and leading travelers to explore the concert online.

[1] The renowned IAI AWARDS was founded in 2000, co-organized by the China Advertising Association of Commerce and the School of Advertising of Communication University of China. Its jury panel of around 200 members includes influential figures from the academic, advertising, corporate, and media sectors, demonstrating its high recognition in the industry.

[2] The Gold Award winners were selected from the top 10% with the highest scores, after not only public voting, but also professional judging.

On the supply side, the Group has adopted a customer-centric philosophy to foster deep partnerships with industry-leading technology firms through strong alliances with platforms such as The Trade Desk, Hivestack by Perion and Vistar Media. This approach has helped to successfully capture several major global brands as customers, including numerous Fortune 500 companies seeking precise, data-driven solutions. By seamlessly connecting leading technology partners with premium OOH assets, the Group delivers a sophisticated yet simplified programmatic advertising experience that resonates with discerning global marketers. This has further solidified its reputation as a premier digital-out-of-home innovator.

Prospects

The macroeconomic outlook remains uncertain as geopolitical conflict and potential recessionary risks contribute to a cautious market sentiment. However, the Greater Bay Area continues to attract the attention of many emerging industry leaders as a core region for advertising campaigns. Due to increasingly frequent cross-border activities, these companies are actively seeking to enhance their market exposure in the Greater Bay Area through advertising solutions. With decades of in-depth professional experience and diverse media resources in the region, Asiaray is poised to provide innovative and efficient advertising solutions to meet the needs of its clients, enhancing its position as a preferred partner for enterprises' advertising strategies in the Greater Bay Area.

On the other hand, the Group will continue to streamline its structure to better navigate market shifts and adapt to evolving advertising needs. This will enable the Group to deliver higher-quality services to clients, while improving operation efficiency. As the performance of the reacquired media resources, such as Haikou Meilan International Airport, Hangzhou Metro and Shenzhen Metro, has unfolded according to expectation, the optimization of the media resource network will remain a constant focus. This dual-pronged optimization strategy, coupled with the continued gross margin improvement, has given the Group a cautiously optimistic outlook for the future. Underpinned by a highly agile business operation and an unwavering customer-centric philosophy, Asiaray is ready to navigate the evolving market terrain and capitalize on emerging opportunities, thereby generating returns for shareholders and benefits for stakeholders in the long term.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the Period decreased from RMB718.4 million for the corresponding period of 2023 to RMB581.0 million, representing a decrease by RMB137.4 million, or 19.1%. The decrease was primarily derived from the impact of several termination of projects. 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, reached RMB686.8 million.

The airports segment revenue decreased by RMB67.5 million, or 27.2% from RMB248.3 million for the corresponding period of 2023 to RMB180.8 million for the Period. The decrease was due to economy recovery in post-epidemic era is not as fast as expected in Mainland China.

The metro and billboards segment revenue decreased by RMB77.7 million, or 29.3% from RMB264.8 million for the corresponding period of 2023 to RMB187.1 million for the Period. This was primarily attributable to the decreased revenue from metro lines and billboards in Mainland China and Hong Kong.

The bus and others segment revenue increased by RMB7.6 million, or 3.7%, from RMB205.4 million for the corresponding period of 2023 to RMB213.0 million for the Period.

Cost of Revenue

The cost of revenue decreased by RMB149.7 million, or 26.5%, from RMB565.7 million for the corresponding period of 2023 to RMB416.0 million for the Period. The decrease was primarily due to the termination of projects and rent reduction.

Gross Profit and Gross Profit Margin

The gross profit for the Period increased by RMB12.1 million, or 7.9%, from RMB152.8 million for the corresponding period of 2023 to RMB164.9 million for the Period and the gross profit margin increased from 21.3% for the corresponding period of 2023 to 28.4% for the Period.

Selling and Marketing Expenses

The selling and marketing expenses decreased by RMB0.6 million, or 1.0% from RMB58.7 million for the corresponding period of 2023 to RMB58.1 million for the Period.

Administrative Expenses

The administrative expenses decreased by RMB3.1 million, or 4.0%, from RMB78.0 million for the corresponding period of 2023 to RMB74.9 million for the Period.

Finance Costs, Net

Net finance cost decreased by RMB16.5 million, or 23.6%, from RMB69.9 million for the corresponding period of 2023 to RMB53.4 million for the Period. This was primarily attributable to the decrease in interest expenses incurred from lease liabilities of HKFRS 16.

Share of Net Loss of Investments Accounted for Using the Equity Method

The share of net loss of investments in associates decreased by 74% from RMB7.7 million for the corresponding period of 2023 to RMB2.0 million for the Period due to the decreased loss from media under airports in Shenzhen.

Income Tax Credit/(Expense)

Income tax credit/(expense) decreased by 110.7% from an income tax expense of RMB16.8 million for the corresponding period of 2023 to an income tax credit of RMB1.8 million for the Period.

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

The EBITDA of the Group decreased by RMB155.9 million, or 32.8%, from RMB476.0 million for the corresponding period of 2023 to RMB320.1 million for the Period.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company increased by RMB4.8 million, or 52.2%, from RMB9.2 million for the corresponding period of 2023 to RMB14.0 million for the Period.

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 its receipts and payments were denominated in Renminbi and Hong Kong Dollars. 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 adopts conservative treasury policies and controls tightly over its cash and risk management. During the Period, the Group's operations and investments were supported by internal resources.

The Group's cash and cash equivalents and restricted cash was RMB277.0 million as at 30 June 2024, representing a decrease when compare to RMB390.8 million as at 31 December 2023. As at 30 June 2024, the financial ratios of the Group were as follows:

	As at 30 June 2024	As at 31 December 2023
Current ratio[(1)]	**0.82**	0.83
Gearing ratio[(2)]	**0.5**	0.2

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. Net debt is calculated as total borrowings less cash and cash equivalents. Total equity represents the equity attributable to owners of the Company and non-controlling interests.

Borrowings

The Group had bank borrowings as at 30 June 2024 in the sum of RMB379.0 million. Out of the total borrowings, RMB243.8 million was repayable within one year, while RMB135.1 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 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 30 June 2024 and 31 December 2023, the Group did not pledge any assets to secure borrowings of the Group.

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 Period and the corresponding period of 2023 were RMB3.1 million and RMB3.7 million, respectively.

Contingent liabilities

The Group had no material contingent liabilities outstanding as at 30 June 2024 and 30 June 2023.

SUBSEQUENT EVENTS

On 3 July 2024, a wholly-owned subsidiary of the Company entered into the concession rights agreement with Hainan Meilan International Airport Company Limited* (海南美蘭國際空港股份有限公司), pursuant to which the Group was granted the exclusive rights to use and operate the advertising and media resources located in Terminal 1, Terminal 2 and car park of the Haikou Meilan International Airport commencing on 1 June 2024 with concession fees. Please refer to the sub-sections headed "Performance of Business Segments" and "Prospects" under "Business Review" of this announcement and the announcement of the Company dated 4 July 2024 for further details.

Save as disclosed above, no material events have occurred subsequent to 30 June 2024.

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 Mainland China. As at 30 June 2024, the Group had 612 employees (30 June 2023: 966 employees). The total salaries and related costs for the Period and the corresponding period of 2023 amounted to RMB93.4 million and RMB101.3 million, respectively.

* *For identification purpose only*

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (30 June 2023: Nil).

CORPORATE GOVERNANCE

During the Period, the Company had complied with all the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except the deviation 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 *JP* currently assumes the roles of both chairman of the Board and 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 the shareholders' view. Due to other business engagement, two non-executive Directors were unable to attend the annual general meeting of the Company during the Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had adopted the Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries of all Directors and that all the Directors have confirmed their compliance with the required standard set out in the Model Code during the Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Pursuant to the rules of share award schemes adopted by the Company on 17 May 2018 (the "Scheme"), the delegated administrator for the administration of the Scheme purchased on the Stock Exchange a total of 692,000 shares of the Company at a total consideration of approximately RMB0.6 million during the Period.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

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

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

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

Hong Kong, 28 August 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 Director is 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.