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Asiaray Media Group Limited
雅仕維傳媒集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1993)

CONNECTED TRANSACTIONS
TENANCY AGREEMENTS

NEW TENANCY AGREEMENTS

The Board wishes to announce that on 2 July 2020, (i) Genesis Printing, an indirect wholly-owned subsidiary of the Company, entered into the New Warehouse A Tenancy Agreement as tenant, with Peaky, as landlord, to lease the Warehouse A from 1 July 2020 to 30 June 2022 upon the expiration of the Previous Warehouse A Tenancy Agreement on 30 June 2020; (ii) Asiaray Media, an indirect wholly-owned subsidiary of the Company, entered into the Warehouse B Tenancy Agreement as tenant, with Peaky, as landlord, to lease the Warehouse B from 1 July 2020 to 30 June 2022; (iii) HK Asiaray Advertising, an indirect wholly-owned subsidiary of the Company, entered into the Beijing Office Tenancy Agreement as tenant, with Billion China, as landlord, to lease the Beijing Office from 1 July 2020 to 30 June 2022 upon the expiration of the Previous Beijing Office Tenancy Agreement on 30 June 2020; (iv) HK Asiaray Advertising, an indirect wholly-owned subsidiary of the Company, entered into the Shanghai Office Tenancy Agreement as tenant, with Asiaray China, as landlord, to lease the Shanghai Office from 1 July 2020 to 30 June 2022 upon the expiration of the Previous Shanghai Office Tenancy Agreement on 30 June 2020; and (v) Zhuhai Asiaray, a company with 60% of its equity interest held by the Group, entered into the Zhuhai Office Tenancy Agreement, as tenant, with Mr. Lam, as landlord, to lease the Zhuhai Office from 1 July 2020 to 30 June 2022 upon the expiration of the Previous Zhuhai Office Tenancy Agreement on 30 June 2020.

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

LISTING RULES IMPLICATIONS

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

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

As the highest applicable percentage ratio in respect of the Aggregated Value of Right-of-Use Assets under the Tenancy Agreements in the amount of approximately HK\$12,000,000, more than 0.1% but less than 5%, and the Aggregated Value of Right-of-Use Assets is more than HK\$3,000,000, the transactions contemplated under the Tenancy Agreements are subject to the reporting and announcement requirements but are exempted from circular (including independent financial advice) and independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcements dated 1 March 2018, 1 September 2017 and 30 June 2017 in relation to the continuing connected transactions regarding the Previous Warehouse A Tenancy Agreement, Previous Shanghai Office Tenancy Agreement, Previous Beijing Office Tenancy Agreement and the Previous Zhuhai Office Tenancy Agreement.

The Board wishes to announce that on 2 July 2020, (i) Genesis Printing, an indirect wholly-owned subsidiary of the Company, entered into the New Warehouse A Tenancy Agreement as tenant, with Peaky, as landlord, to lease the Warehouse A from 1 July 2020 to 30 June 2022 upon the expiration of the Previous Warehouse A Tenancy Agreement on 30 June 2020; (ii) Asiaray Media, an indirect wholly-owned subsidiary of the Company, entered into the Warehouse B Tenancy Agreement as tenant, with Peaky, as landlord, to lease the Warehouse B from 1 July 2020 to 30 June 2022; (iii) HK Asiaray Advertising, an indirect wholly-owned subsidiary of the Company, entered into the Beijing Office Tenancy Agreement as tenant, with Billion China, as landlord, to lease the Beijing Office from 1 July 2020 to 30 June 2022 upon the expiration of the Previous Beijing Office Tenancy Agreement on 30 June 2020; (iv) HK Asiaray Advertising, an indirect wholly-owned subsidiary of the Company, entered into the Shanghai Office Tenancy Agreement as tenant, with Asiaray China, as landlord, to lease the Shanghai Office from 1 July 2020 to 30 June 2022 upon the expiration of the Previous Shanghai Office Tenancy Agreement on 30 June 2020; and (v) Zhuhai Asiaray, a company with 60% of its equity interest held by the Group, entered into the Zhuhai Office Tenancy Agreement, as tenant, with Mr. Lam, as landlord, to lease the Zhuhai Office from 1 July 2020 to 30 June 2022 upon the expiration of the Previous Zhuhai Office Tenancy Agreement on 30 June 2020.

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

HK TENANCY AGREEMENTS

New Warehouse A Tenancy Agreement

Date : 2 July 2020

Parties : (1) Genesis Printing, as tenant
(2) Peaky, as landlord

Premises : Workshop A on 9/F, and Car Parking Space C4 on G/F, Supreme Industrial Building, No 15-17 Shan Mei Street, Shatin, New Territories, Hong Kong

Term : 24 months from 1 July 2020 to 30 June 2022 (both days inclusive)

Use : Warehouse and car parking space

Rent : HKD38,000 per month, payable in advance on the 12th day of each month.

Pricing Policy : The monthly rental was determined after arm's length negotiations between Genesis Printing and Peaky with reference to the prevailing market rates at the same or similar type of premises in the vicinity when the New Warehouse A Tenancy Agreement was entered into.

Warehouse B Tenancy Agreement

Date : 2 July 2020

Parties : (1) Asiaray Media, as tenant

(2) Peaky, as landlord

Premises : Area B, Workshop 4G, Superluck Industrial Centre (Phase 2), No. 57, Sha Tsui Road and Nos. 30-38, Tai Chung Road, Tsuen Wan, N.T.

Term : 24 months from 1 July 2020 to 30 June 2022 (both days inclusive)

Use : Warehouse

Rent : HKD10,000 per month, payable in advance on the 12th day of each month.

Pricing Policy : The monthly rental was determined after arm's length negotiations between Asiaray Media and Peaky with reference to prevailing market rates at the same or similar type of premises in the vicinity when the Warehouse B Tenancy Agreement was entered into.

PRC TENANCY AGREEMENTS

Shanghai Office Tenancy Agreement

Date : 2 July 2020

Parties : (1) HK Asiaray Advertising, as tenant
(2) Asiaray China, as landlord

Premises : Units 2102-2104, No. 1027 Changning Road, Shanghai, PRC

Term : 24 months from 1 July 2020 to 30 June 2022 (both days inclusive)

Usage : Office

Rent : RMB114,000 per month, payable half-yearly in arrears.

Pricing Policy : The rental payable under the Shanghai Office Tenancy Agreement has been determined after arm's length negotiations between HK Asiaray Advertising and Asiaray China with reference to the prevailing market rates at the same or similar type of premises in the vicinity when the Shanghai Office Tenancy Agreement was entered into.

Beijing Office Tenancy Agreement

Date : 2 July 2020

Parties : (1) HK Asiaray Advertising, as tenant
(2) Billion China, as landlord

Premises : Part of an office premise on 31/F, Block C, Central International Trade Center, No. 6A, Jianguomenwai Avenue, Chaoyang District, Beijing, PRC

Term : 24 months from 1 July 2020 to 30 June 2022 (both days inclusive)

Usage : Office

Rent : RMB310,000 per month, payable half-yearly in arrears.

Pricing Policy : The rental payable under the Beijing Office Tenancy Agreement has been determined after arm's length negotiations between HK Asiaray Advertising and Billion China with reference to prevailing market rates at the same or similar type of premises in the vicinity when the Beijing Office Tenancy Agreement was entered into.

Zhuhai Office Tenancy Agreement

Date : 2 July 2020

Parties : (1) Zhuhai Asiaray, as tenant
(2) Mr. Lam, as landlord

Premises : Suite 2901, 29/F, Yuhai World Financial Center, No. 1009 Middle Jiuzhou Road, Xiangzhou District, Zhuhai City, Guangdong, PRC

Term : 24 months from 1 July 2020 to 30 June 2022 (both days inclusive)

Usage : Office

Rent : RMB39,000 per month, the next rent payable in advance before the 25th day of each month.

Pricing Policy : The rental payable under the Zhuhai Office Tenancy Agreement has been determined after arm's length negotiations between Zhuhai Asiaray and Mr. Lam with reference to prevailing market rates at the same or similar types of premises in the vicinity when the Zhuhai Office Tenancy Agreement was entered into.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENTS

Genesis Printing has been leasing part of the Warehouse A since 2011 from Peaky, a company wholly owned by Mr. Lam. Having considered the business needs of the Group and that stable sources of warehouse spaces are required for the operation and growth of the Group, the Board is of the view that the entering into the New Warehouse A Tenancy Agreement is beneficial to the Group and the Shareholders as a whole as it enables the Group to continue to secure a longer term of use of warehouse so as to save relocation and administration costs. Mr. Lam has also expressly indicated to the Board that he may, at his sole discretion, waive the rent for any period of time.

The Shanghai Office and Beijing Office to be leased by HK Asiaray Advertising under the Shanghai Office Tenancy Agreement and Beijing Office Tenancy Agreement was leased by Shanghai Asiaray and Beijing Asiaray, both indirect wholly-owned subsidiaries of the Group, since 2003 and 2007 respectively, from Asiaray China and Billion China, both of which are wholly owned by Mr. Lam. Zhuhai Asiaray has been leasing the Zhuhai Office since 2018 from Mr. Lam. Having considered the business needs of the Group and that stable sources of office and warehouse spaces are required for the operation and growth of the Group, the Board is of the view that the entering into of the PRC Tenancy Agreements is beneficial to the Group and the Shareholders as a whole as it enables the Group to secure a longer term of use of offices in the PRC where demand for office facilities is high so as to save relocation and administration costs. Mr. Lam has also expressly indicated to the Board that he may, at his sole discretion, waive the rent for any period of time.

The Board, having considered the business needs and operation of the Group, considered the Warehouse B Tenancy Agreement to be beneficial to the Group and Shareholders as a whole since it secures a long term of use of warehouse for the operation and growth of the Group. In addition, Mr. Lam has expressly indicated to the Board that he may, at his sole discretion, waive the rent for any period of time, which would provide addition flexibility for the Group.

The terms (including the monthly rents) of the Tenancy Agreements was determined upon arm's length negotiations with reference to the market rates at the same or similar type of premises in the vicinity. The Directors (including the independent non-executive Directors) are of the view that: (i) the terms of the Tenancy Agreements are on normal commercial terms that are fair and reasonable; and (ii) the connected transactions contemplated under each of the Tenancy Agreements are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY, COMPANIES INDIRECTLY WHOLLY-OWNED BY THE COMPANY, ZHUHAI ASIARAY, COMPANIES WHOLLY OWNED BY MR. LAM AND MR. LAM

The Company

The Company was incorporated in the Cayman Islands with limited liability. The Company is an investment holding company and its subsidiaries are principally engaged in the development and operations of out-of-home advertising media, including advertising in airports, metro lines, billboards and building solutions in the PRC, Hong Kong, Macau and Southeast Asia.

Asiaray Media

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

Genesis Printing

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

HK Asiaray Advertising

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

Zhuhai Asiaray

Zhuhai Asiaray was established in PRC with limited liability and 60% of its equity interest is held by the Group. Zhuhai Asiaray is principally engaged in out-of-home advertising media services in PRC.

Asiaray China

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

Billion China

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

Peaky

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

Mr. Lam

Mr. Lam is the executive Director, chairman, chief executive officer and controlling shareholder of the Company.

LISTING RULES IMPLICATIONS

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

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

As the highest applicable percentage ratio in respect of the Aggregated Value of Right-of-Use Assets under the Tenancy Agreements in the amount of approximately HK\$12,000,000, more than 0.1% but less than 5%, and the Aggregated Value of Right-of-Use Assets is more than HK\$3,000,000, the transactions contemplated under the Tenancy Agreements are subject to the reporting and announcement requirements but are exempted from circular (including independent financial advice) and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Lam, in view of his interest in each of Asiaray China and Billion China and Peaky, is considered as having a material interest in the Tenancy Agreements and the transactions contemplated thereunder and accordingly has abstained from voting on the resolutions of the Board approving the Tenancy Agreements and the transactions contemplated thereunder.

Save as Mr. Lam, none of the Directors has any material interest in the Tenancy Agreements and no Directors were required to abstain from voting on the resolutions of the Board approving the Tenancy Agreements and the transactions contemplated thereunder.

Particulars of the Tenancy Agreements will be disclosed in the next published annual report of the Company in accordance with Rules 14A.71 and 14A.72 of the Listing Rules.

DEFINITIONS

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

“Asiaray China”	Asiaray China Media Limited (雅仕維中國媒體有限公司), a company established in Samoa with limited liability on 11 May 1999 and wholly owned by Mr. Lam
“Asiary Media”	Asiaray Media Limited, a company established in Hong Kong with limited liability on 6 March 2002 and an indirect wholly-owned subsidiary of the Company
“associate(s)”	has the same meaning as ascribed thereto in the Listing Rules
“Beijing Asiaray”	北京雅仕維廣告有限公司 (Beijing Asiaray Advertising Company Limited*), a company established in the PRC with limited liability on 9 July 1998 and an indirect wholly-owned subsidiary of the Company
“Beijing Office”	the premises situated at part of an office premise on 31/F, Block C, Central International Trade Center, No. 6A, Jianguomenwai Avenue, Chaoyang District, Beijing, PRC
“Beijing Office Tenancy Agreement”	the tenancy agreement entered into between HK Asiaray Advertising as tenant and Billion China as landlord dated 2 July 2020 for the lease of the Beijing Office
“Billion China”	Billion China International Limited (億華國際有限公司), a company established in Samoa with limited liability on 8 August 2005 and wholly owned by Mr. Lam

“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)
“connected person(s)”	has the same meaning as ascribed thereto under the Listing Rules
“controlling shareholder”	has the same meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Genesis Printing”	Genesis Printing and Production Limited, a company incorporated in Hong Kong with limited liability on 8 October 2007 and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Tenancy Agreements”	the New Warehouse A Tenancy Agreement and the Warehouse B Tenancy Agreement
“Warehouse A”	the premises situated at Workshop A on 9/F, and Car Parking Space C4 on G/F, Supreme Industrial Building, No 15-17 Shan Mei Street, Shatin, New Territories, Hong Kong
“Warehouse B”	Area B, Workshop 4G, Superluck Industrial Centre (Phase 2), No. 57, Sha Tsui Road and Nos. 30-38, Tai Chung Road, Tsuen Wan, N.T.
“Warehouse B Tenancy Agreement”	the tenancy agreement entered into between Asiaray Media as tenant and Peaky as landlord dated 2 July 2020 for the lease of Warehouse B which was expired on 30 June 2022
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HK Asiaray Advertising”	Hong Kong Asiaray Advertising Limited (香港雅仕維廣告有限公司), a company incorporated in Hong Kong with limited liability on 31 October 1995, and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lam”	Lam Tak Hing, alias Vincent Lam, the executive Director, chairman, chief executive officer and controlling shareholder of the Company
“New Warehouse A Tenancy Agreement”	the tenancy agreement entered into between Genesis Printing as tenant and Peaky as landlord dated 2 July 2020 for the lease of Warehouse A
“Peaky”	Peaky Limited, a company incorporated in Hong Kong with limited liability on 29 March 2011 and wholly owned by Mr. Lam
“PRC”	the People’s Republic of China
“PRC Tenancy Agreements”	the Shanghai Office Tenancy Agreement, the Beijing Office Tenancy Agreement and the Zhuhai Office Tenancy Agreement
“Previous Beijing Office Tenancy Agreement”	the tenancy agreement entered into between Beijing Asiaray as tenant and Billion China as landlord dated 30 June 2017 for the lease of the Beijing Office
“Previous Shanghai Office Tenancy Agreement”	the tenancy agreement entered into between Shanghai Asiaray as tenant and Asiaray China as landlord dated 30 June 2017 for the lease of the Shanghai Office
“Previous Warehouse A Tenancy Agreement”	the tenancy agreement entered into between Genesis Printing as tenant and Peaky as landlord dated 1 September 2017 for the lease of part of Warehouse A

“Previous Zhuhai Office Tenancy Agreement”	the tenancy agreement entered into between Zhuhai Asiaray as tenant and Mr. Lam as landlord dated 1 March 2018 for the lease of the Zhuhai Office
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shanghai Asiaray”	上海雅仕維廣告有限公司 (Shanghai Asiaray Advertising Company Limited*), a company established in the PRC with limited liability on 27 April 1999 and an indirect wholly-owned subsidiary of the Company
“Shanghai Office”	the premise situated at Units 2102-2104, No. 1027 Changning Road, Shanghai, PRC
“Shanghai Office Tenancy Agreement”	the tenancy agreement entered into between HK Asiaray Advertising as tenant and Asiaray China as landlord dated 2 July 2020 for the lease of the Shanghai Office
“Shareholder(s)”	holder(s) of the ordinary shares of nominal value of HKD0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	the HK Tenancy Agreements and the PRC Tenancy Agreements
“Zhuhai Asiaray”	珠海雅仕維報業傳媒有限公司 (Zhuhai Asiaray Newspaper Media Company Limited*), a company established in the PRC with limited liability on 20 December 2017 and 60% of its equity interest is held by the Group
“Zhuhai Office”	the premise situated at Suite 2901, 29/F, Yuhai World Financial Center, No. 1009 Middle Jiuzhou Road, Xiangzhou District, Zhuhai City, Guangdong, China

“Zhuhai Office
Tenancy Agreement” the tenancy agreement entered into between Zhuhai Asiaray as
tenant and Mr. Lam as landlord dated 2 July 2020 for the lease
of the Zhuhai Office

“%” per cent.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this announcement is calculated at the exchange rate of RMB1 = HKD1,095 such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

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

Hong Kong, 2 July 2020

As at the date of this announcement, the executive directors of the Company are Mr. Lam Tak Hing, Vincent and Mr. Lam Ka Po; the non-executive directors of the Company are Mr. Wong Chi Kin and Mr. Yang Peng; and the independent non-executive directors of the Company are Mr. Ma Andrew Chiu Cheung, Mr. Ma Ho Fai GBS JP and Ms. Mak Ka Ling

* *For identification purpose only*