



Asiaray Announces 2019 Annual Results

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Achieves Milestone in Different Aspects Marks its First Footstep Outside of Greater China Further Strengthen its Extensive Business Network

(Hong Kong, 27 March 2020) – **Asiaray Media Group Limited** (“Asiaray” or the “Group”; stock code: 1993), a leading out-of-home (“OOH”) media company with a strategic focus on airport and metro line advertising, has announced its annual results for the financial year ended 31 December 2019.

With the Group’s solid business foundation and well developed network, it managed to achieve stable revenue at HKD1,878.4 million (2018: HKD1,929.0 million) even in the face of challenging conditions. Excluding RMB depreciation, the Group’s revenue managed to record modest growth. Due to the fluctuate business environment in the second half of 2019, the Group recorded a gross profit of HKD397.8 million, with gross profit margin at 21.2%. Furthermore, EBITDA (Earnings before earnings before interest, taxes, depreciation and amortization) increased 312.6% to HKD808.7 million. The combined revenue, which provides a more concise representation of total business scale by including consolidated revenue and revenue of all associated companies amounted to HKD2.630 billion (2018: HKD2.799 billion). However, as several newly secured project were still at a ramp-up phase during the year, and the Hong Kong Financial Reporting Standard 16 Leases became effective as of 1 January 2019, the combination of factors led to an initial heavy impact of the Group’s performance as reflected by a loss of the Company of HKD108.7 million.

Mr Vincent Lam, Chairman and Executive Director of Asiaray, said, “Over the past year, global economic conditions have remained erratic owing to the US-China trade war and many uncertainties. Nonetheless, Asiaray was able to maintain a stable business performance leveraging its effective business strategies and the strong business foundation. The Group has achieved different milestones during the year, particularly extended our reach to Singapore, marking the first business foothold outside the Greater China Region. In Hong Kong, we have extended our business footprint to bus business by granting the media resources of KMB and LWB. We have also introduced Ant Financial as our strategic shareholder, and officially launched the pioneer ‘online and offline (“O&O”) new media’ strategy, which aims to strengthen our existing business by collaboration with O&O strategy. Together with a series of business projects in 2019, the Group is set to substantially improve its scope of business and further enrich its well-established media resources network.”

Business Review

In 2019, the metro lines and billboards business segment remained to be the key revenue contributor. However, affected by the weakened operation environment, and a decline in revenue experienced by its business partner, MTR Corporation Limited and a shortfall faced by the Shenzhen Metro Lines due to the negative impact brought by the Sino-US trade war, segment revenue decreased to HKD919.3 million (2018: HKD974.9 million), while segment gross profit recorded to HKD136.7 million (2018: HKD184.3 million) and gross profit margin at 14.9%. Nevertheless, the Group secured numbers of new media resource, including

the Beijing Metro Line 14, the Wenzhou Metro Line S1 and the Hangzhou Metro Line 5 during the first half year, which have broadened the business presence in the Beijing-Tianjin-Hebei region and the Yangtze River Delta respectively. In the second half year, the Group obtained an advertising concession right with Land Transport Authority (“LTA”) of Singapore for the Thomson-East Coast Line, which was the Group’s first business foothold outside of Greater China. The Group also secured several new billboard resources, including some LED resources and building wraps that are new mediums for the Group. On top of it, Asiaray was also awarded two billboards and marked its first operation in Macau, including the Emperor Nam Van Centre and Hotel Inn, further enriched its well established Greater Bay Area portfolio.

The airport media advertising business recorded a stable growth in revenue, which has increased 1.6% to HKD739.3 million during the year. This was mainly attributable to the ongoing ramp-up of newly secured projects, as well as the improved performance of existing projects, including Yunnan airports, Zhuhai Airport and Urumqi Airport. Gross profit margin of 29.4% was recorded, with gross profit amounting to HKD217.3 million. The Group has strategically possessed media resources covering the entire Hainan Island. With the benefit of the offshore duty-free policy in Hainan Island, Haikou Meilan Airport is one of the very few locations in the Island operated under a provincial state-owned enterprise with permit for duty-free goods operation. In addition to Haikou Airport, the Group also operates the advertising media in the rest of the airports in the Island namely BoAo Airport and Sanya Phoenix International Airport. During the year, the Group has also expanded its airport media advertising network by once again securing the exclusive concession rights to continue operating media resources in the Kunming Airport. These latest concession rights will further strengthen the Group’s business presence in South and Western China, and reinforce its leading industry position in Greater China.

Further to the win of media resources of High Speed Rail (Hong Kong Section) and the Hong Kong-Zhuhai-Macao Bridge (Zhuhai-Macao Port), the Group has secured another new advertising medium in 2019, via exclusive concession rights with The Kowloon Motor Bus Company (1933) Limited (“KMB”) and Long Win Bus Company Limited (“LWB”) during the year. The exposure and impact of bus advertising can be highly significant and effectual given its easy reach to a huge swathe of the population. By leveraging Asiaray’s unique ‘Space Management’ approach, and ample experience in public transport advertising, the cooperative ties with KMB and LWB is believed to maximize all parties’ strengths and enable opportunities to be seized in the public transport advertising industry.

In addition, the Group continued to deploy both O&O strategies to maximize the impact of its DOOH business, hence to provide a seamless advertisement experience. In 2019, the Group’s integrated O&O strategy and existing programmatic DOOH platform were among the factors that attracted Ant Small and Micro Financial Services Group Co., Ltd. (浙江螞蟻小微金融服務集團股份有限公司) (“Ant Financial”), the owner and operator of the world’s leading payments and lifestyle platform Alipay, to become a strategic shareholder of the Group. Ant Financial has a solid foundation built in the online realm, which, along with Asiaray’s unique “Space Management” approach, can create an effective bridge linking advertising solution from the physical world to the virtual domain. During the year, the Group commenced different collaborations using online new O&O media, including collaborations with key opinion leaders, complemented by mobile applications such as TikTok that echo the offline campaigns. Leveraging the strengths of the Group, including its rich experience in O&O media, combined with the attributes of the new shareholder, it is expected to bolster its existing businesses while exploring new avenues, supported by the synergies between the two parties.

Prospects

Looking ahead, the global economy is expected to experience significant headwinds, yet, despite such glum projections for the global economy, with infections gradually stabilizing and pent consumption demand continuously building, the Group remains optimistic on the long-term outlook. With a new era of consolidation likely to commence in the wake of COVID-19, the Group will leverage its robust network that covers all range of city tiers, as well as its strong cash position and sophisticated management to facilitate and capture opportunities that arise. In Mainland China, the Group will continue to spare no effort to further enhance its extensive business footprint, and provide a comprehensive network to maximize advertising value. For the Hong Kong market, it is believed that dynamic mix of media solutions, comprising metro lines, billboards, and now, bus advertising, will stand the Group in good stead in coping with whatever challenges that may come. Moreover, with the Group's outstanding O&O strategy, it is able to provide more value-added advertising solution to the customers. The Group has secured the exclusive concession rights at MTR Tuen Ma Line Phase 1 subsequent to the review year, which connects Wu Kai Sha and Kai Tak. Asiaray will look further to strengthen the foundation to better penetrate the public transport advertising market, as well as seize new opportunities that reinforces its leadership in the OOH advertising industry in Hong Kong.

Having established a beachhead in Singapore during the review year, the Group will leverage this geographical position as springboard for expanding its footprint in Southeast Asia. The Group will direct more resources to reinforce its presence in the Lion City, as it also strives to enhance ties with SMRT Trains. Moreover, the Group has completed a programmatic transformation project with Rubicon Project in January 2020, enabling Asiaray to programmatically trade its DOOH display and video inventory across Hong Kong and Singapore. Going forward, the Group will seek more opportunities for cooperation and strive to develop even more effective online and offline solutions that cater for advertisers' needs.

Mr. Lam concluded, "2019 marks a remarkable year to Asiaray as we achieved several milestones amid the challenging environment. We strongly trust the belief when there is challenge, there is opportunity. Although 2020 is expected to remain challenging, we are optimistic to the outlook armed by our solid foundation. We will continue to seek for suitable opportunities arising from market consolidation and provide the best OOH communication solutions with the highest return on investment in an effective manner. On the other hand, we look forward to the cooperation especially in the development of O&O strategy with Ant Financial, thus to sustain growth and create value for our shareholders."

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About Asiaray Media Group Limited (stock code: 1993.HK)

Established in 1993, Asiaray is a leading out-of-home media company in Greater China with a strategic focus on airport and metro line advertising. Currently, the Group's business network covers more than 40 cities in Greater China with media resources at over 37 airports (including exclusive concession rights at 30 airports and Sanya Phoenix International Airport Terminal 2, Hainan) and has exclusive concession rights to mainstream media resources of 19 metro lines in Greater China, the High Speed Rail (Hong Kong Section) and the Hong Kong-Zhuhai-Macao Bridge (Zhuhai-Macao Port). And the Group has been appointed as the advertising non-fare operator for the Singapore MRT Thomson-East Coast Line (TEL) in 2019.

Asiaray is also committed to invest in corporate social responsibility and environmental protection initiatives. The Company has been awarded the "Outstanding Import and Export Enterprise Award – Innovation Excellence Award" in 2018; received "Hong Kong Awards for Environmental Excellence (HKAEE)" and named as a "Hong Kong Green Organisation" for three consecutive years from 2016 to 2018; and also has been named as a "Caring Company" for tenth consecutive year .

For more details about Asiaray, please visit its official website: www.asiaray.com or follow the Group's Wechat via the QR code below (ID: asiaray_airport or 雅仕維傳媒集團).



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