



Asiaray Announces 2020 Interim Results

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Further Strengthens Integrated Branding and Sales Strategies Captures New Offline & Online Media Trend

(Hong Kong, 21 August 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 interim results for the six months ended 30 June 2020 (the “Period”).

Over the past six months, the macro-environment has continued to be challenging owing to the ongoing US-China trade war and unexpected COVID-19 coronavirus outbreak. In Hong Kong, the market has been particularly impacted due to a combination of the outbreak and social unrest since the second half of 2019. Amid tremendous uncertainty, the Groups’ revenue decreased by 28.6% to HKD643.7 million during the Period. Gross profit amounted to HKD188.7million, with gross profit margin at 29.3%. EBITDA (Earnings before interest, taxes, depreciation and amortization) totaled HKD499.2 million, while the combined revenue, which provides a more concise representation of total business scale by including consolidated revenue and revenue from all associated companies, amounted to HKD953.9 million (1H2019: HKD 1,239.0 million). As several of the Group’s new projects are still at a ramp-up stage, and owing to the COVID-19 coronavirus pandemic which severely impacted the Hong Kong market in particular, the Group’s performance has been seriously affected, as reflected by a loss amounting to HKD47.8 million. However, the Group remains in a net cash position as at the Period – the sixth consecutive year, with total cash and bank balances amounting to HKD316.4 million.

Despite the challenging business environment, the Group has adhered to its mission of maintaining market leadership, as reflected by an extensive network reaching around 40 cities in Asia. Armed with its leading position and extensive business presence in the region, and the advantage of possessing “pan transport, multi-media and full coverage” capabilities, as well as its diverse advertising solutions, the Group has set its priority on better utilizing its media inventory. On top of its unique space management model, Asiaray has undergone a strategic transformation and has further developed its pioneering Offline and Online (“O&O”) initiatives, which will enable it to enhance the value of advertising projects through creative and optimal use of available spaces – integrating advanced technologies and digital media with the Group’s OOH media to capitalize on new market trends.

Mr. Vincent Lam, Chairman and Executive Director of Asiaray, said, “The first half of 2020 was undoubtedly a challenging period owing to the uncertain macro environment. Even though our business has been adversely affected, we have continued to develop O&O initiatives to further enhance our integrated branding and sales strategies with the aim of differentiating ourselves from our peers. In addition, while enhancing our business development, we are also committed to the betterment of the industry and society. Since the COVID-19 coronavirus outbreak after Chinese New Year, we have kept a close eye on the situation and continued our commitment to give back the social. We have formed a team specifically to scheme the charity arrangement. The team has put tremendous effort to source protective materials globally. Those materials were sent to our business partners as well as donated to the Hubei province as a move to support the community and show our appreciation to the contribution of every

frontline worker during this difficult time. On top of the materials donation, we understand it is also necessary to promote the importance of personal hygiene and precautionary measures relating to COVID-19. We have used the media resources throughout our extensive network including airports, metro lines as well as billboards in different cities to place advertisements related to this topic, aiming to share informative and positive messages to the public. It is pleased to learn that our effort has been recognized by the community. We have attracted the attention of various enterprises which sought to co-operate with the Group in using our OOH inventory to disseminating public welfare information to support the society.”

Business Review

During the Period, segment revenue from the airport business remained stable, totaling HKD346.9 million, with profit margin at 48.9%, as certain newly secured projects were still at a ramp-up stage, and slowdowns in passenger traffic were experienced at several international airports caused by the COVID-19 pandemic. Nevertheless, some airports outperformed the market, with encouraging performance achieved at Kunming Airport, where departure air traffic rose to near pre-pandemic levels. Furthermore, with the Group’s diversified and strong business network in the PRC, including strategic airport footprint covering tier 1 to tier 4 cities, along with international and domestic airports, it is able to cater for the needs of advertisers targeting diverse audiences. In addition, subsequent to the Period, the Group has been granted the concession rights to operate media resources at Terminal 1 and Terminal 2 of the new Chengdu Tianfu International Airport, which is currently under construction and is expected to commence operation in 2021. Winning the Chengdu Tianfu International airport contract aligns with the Group’s strategic PRC airport expansion plan, and will enable it to capture the enormous growth in passenger throughput, especially from the expected transportation boom following the COVID-19 pandemic.

For the metro lines and billboards segment, the overall performance has been affected by the weak state of the macro-economy, which presented headwinds to the business environment. In particular, the social unrest in Hong Kong led to a decline in revenue of the Group’s business partner MTR Corporation Limited, and as a consequence, the Group’s segment revenue amounted to HKD222.6 million. Nevertheless, the Group secured a number of new media resources during the Period, including the Kunming Railway Station and renewed the contract of Shenzhen Metro Line 4. In Hong Kong, the Group was also commenced operation at MTR Tuen Ma Line Phase 1, with the exclusive right to operate media resources at the stations, including the expanded part of the Diamond Hill Station. The newly won media resources have again strengthened an already robust business network in the Greater Bay Area, and have placed the Groups in a favorable position to capitalize on the tremendous potential that the area holds. Furthermore, the Group has a number of billboards resources in Hong Kong, including some LED resources and building wraps that are new mediums for the Group, and represent more value-added media solutions for advertisers.

Being an industry pioneer, the Group is always ready to launch O&O strategies to maximize the impact of its digital out-of-home (“DOOH”) business, as well as providing integrated strategies for a seamless audience experience; achieving an amalgam of branding and sales strategies. The Group has actively explored opportunities to employ O&O strategies that result in maximum advertising impact. In June 2020, the Group cooperated with Yunnan Provincial Committee of the Communist Youth League of China and Viya, the popular live streaming global seller of goods and products, in promoting an O&O marketing solution in Yunnan. This campaign has elicited overwhelmingly favorable response from the market and delivered magnificent sales results. Through this innovation, the Group hopes to bring in even more advertisers, especially those who are active on online platforms. Separately, in Hong Kong, the Group subsequent to the Period cooperated with Jetso in launching the “Happy Fun” event in August. Different creative zones were set up in MTR Stations, and included the use of digital billboards for providing

interactive experiences to users. On top of underground media, the Group's new bus media, which commenced operation on 1 July 2020, has also adopted O&O strategies. O&O strategies of this nature allows the Group to offer a greater variety of advertising solutions to its clients, and which are highly effective and can deliver optimum outcomes in terms of integrating branding and sales strategies.

Prospects

Although the global economy is expected to experience significant headwinds owing to the Sino-US trade war and COVID-19 pandemic, the PRC market is nevertheless expected to achieve a prompter recovery, supported by strong precautionary measures and favorable support from the government. In view of the consumption boom and expected travel increases post-pandemic, the Group remains positive about its business development. Leveraging the Group's comprehensive network in the PRC, with coverage spanning tier 1 to tier 4 cities, it is in a favorable position to capture growth from different areas of the country. With regard to Hong Kong, the market is still full of uncertainties due to the volatile social atmosphere and COVID-19 epidemic. Nonetheless, with the Group's solid foundation, longstanding market presence and strong network, it remains confident in its ability to cope with whatever challenges that may arise. What is more, armed with a diverse media portfolio, including newly operating KMB and LWB media, as well as media resources at the MTR Tuen Ma Line Phase 1 this year, Asiaray has the extensive media coverage both underground and above that will result in greater synergies among media outlets.

Moreover, in January, the Group commenced the Singapore Thomson-East Coast MRT Line advertising business, which is the Group's first project outside of Greater China. Capitalizing on this success, the Group will still place greater resources on enhancing its exposure in Singapore, while at the same time explore different opportunities to further expand overseas, particularly in Southeast Asia.

The recent COVID-19 pandemic has dramatically changed the habits of the public, and in particular, has increased their dependence on different online mediums. As a market pioneer, the Group will seek to identify new market trends and further invest in O&O strategies, with the aim of introducing even better advertising solutions to the market. Moreover, by including traditional OOH advertising to the mix, the Group will deliver truly impactful and dynamic O&O strategies that offer exceptional reach and data-enriched buying options to advertisers looking at DOOH for achieving their campaign goals, hence further strengthening their integrated branding and sales strategies. In addition, the Group will capitalize on its operational advantage to enter the "live-stream shopping" e-commerce market by integrating supply chains to achieve higher brand awareness, leading to more effective sales and promotions. In the long term, Asiaray will look for more possible cooperation opportunities and will strive to expand its client portfolio by leveraging its effective O&O strategies.

Mr. Lam concluded, "Looking ahead, though the macro-environment is expected to remain challenging, we are confident and bullish about our business outlook as we firmly believe that our O&O strategy will become a new industry trend. Following our successful demonstration of O&O initiatives as mentioned above, we are in a good position to capitalize on this new market trend and maintain our leading position by leveraging our solid foundation, outstanding business network as well as our unique space management approach. Also, we will persist in exploring opportunities to cooperate with our strategic shareholder - Ant Group Co., Ltd. 蚂蚁科技集团股份有限公司 ('Ant Group') especially on O&O related projects. We will spare no effort in strengthening our business presence and enriching our media resources, at the same time, continue to value our community, thus to achieve sustainable growth."

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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 nearly 40 cities in Greater China with media resources at over 34 airports (including exclusive concession rights at 27 airports and Sanya Phoenix International Airport Terminal 2, Hainan) and has exclusive concession rights to mainstream media resources of 20 metro lines in Greater China, Guangzhou Shenzhen Hong Kong High Speed Railway (Hong Kong Section), the Hong Kong-Zhuhai-Macao Bridge (Zhuhai Port), and the Singapore Thomson-East Coast MRT Line (TEL). In recent years, the Group was also granted the exclusive advertising media concessions of KMB and LWB and the advertising media concessions of Kunming Railway Station.

Asiaray is also committed to invest in corporate social responsibility and environmental protection initiatives. The Company has been awarded the "Hong Kong Awards for Environmental Excellence (HKAEE)" and the "Hong Kong Green Organisation" for four consecutive years; and also named a "Caring Company" for ten consecutive years.

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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