



Asiaray Announces 2020 Annual Results

* * *

Steps Up Innovation in Pioneering O&O New Media Further Expands Business Portfolio and Clientele through Excellence

(Hong Kong, 29 March 2020) – **Asiaray Media Group Limited** (“Asiaray” or the “Group”; stock code: 1993), an outstanding out-of-home (“OOH”) media company with a strategic focus on mega transport advertising media management, including airport, metro line and high speed rail line, has announced its annual results for the financial year ended 31 December 2020 (the “Year”).

In the wake of the COVID-19 pandemic and subsequently sharp economic downturn, despite the challenging business environment, the Group’s financial resources remains sound and achieved a net cash position for the seventh consecutive years, with cash and cash equivalents of HKD412.3 million (As at 31 December 2019: HKD445.0 million). It therefore has the capacity to withstand the current headwinds to turn crises into opportunities to lay a solid foundation for future development. The Group’s revenue recorded by a decline of 17.1% to HKD1,557.1 million in the Year. Gross profit amounted to HKD347.5million, with gross profit margin at 22.3%. EBITDA (Earnings before interest, taxes, depreciation and amortization) totaled HKD1,034 million, while the combined revenue, which provides a broader and more accurate representation of total business scale by including consolidated revenue and revenue from all associated companies, amounted to HKD2.212 billion (FY2019: HKD2.630 billion) for the Year. As several new projects of the Group were still at a ramp-up stage and were affected by the pandemic, particularly in Hong Kong, the Group’s performance was inevitably suffered, as reflected by a loss amounting to HKD141.4 million for the Year.

Mr. Vincent Lam, Chairman and Executive Director of Asiaray, said, “Over the past year, the pandemic has continued to weaken the operational environment, which we have tried our best to minimize the impact. However, being a well-equipped company, we firmly believe that out of crisis comes opportunity. True to this belief, we have managed to increase market penetration by securing new media resources both in Mainland China and Hong Kong. During the year, we have also started our operation in Singapore, marking the first footprint outside Mainland China. The concession right to operate media resources at the Thomson East Coast Line in Singapore is a 16 years contract, which provides a solid stepping stone for future development in South East Asia. Furthermore, with the dawn of the ‘Stay-at-Home economy’, we are prepared to seize the fresh opportunities ahead. With years of operational experience, we have found that OOH media and online media have inherent and complementary synergies. More importantly, we have been able to leverage their unique strengths while offsetting their weaknesses. Consequently, we have been accelerating the implementation of our pioneering Out-of-home & Online (‘O&O’) New Media strategy. We are therefore proud to say that Asiaray is not only able to adapt quickly to the new normal, but is also successfully reaching out to a new target audience and expanding its clientele. Asiaray thus holds yet another unique competitive strength that differentiates it from its peers.”

Business Review

During the Year, revenue from the airport media advertising segment declined by 6.3% to HKD693.0 million (2019: HKD739.3 million), which was primarily the result of a reduction in passenger traffic caused by the COVID-19 pandemic. Segment gross profit amounted to HKD265.8 million (2019: HKD217.3 million) with gross profit margin at 38.4%. Nevertheless, Asiaray has been actively exploring and garnering the rights to operate new media resources at various national airports. As a consequence, the Group has been granted 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. Upon completion, Chengdu will become the third city in the mainland, along with Beijing and Shanghai, to possess two international airports, and will become a global gateway. At present, Asiaray's comprehensive airport network covers over 33 airports in Mainland China, thus enabling it to deliver innovative and target advertising to specific audiences and regions. On top of the extensive coverage, the Group will fully utilize its advanced transformation and pioneering O&O strategy to facilitate the latest programmatic buying. The Group trusts that this advanced approach will be able to draw more advertisers who have traditionally gravitated towards online platforms, hence are new to airport venues.

Amid weakened business environment, the Group recorded a decline in sales from metro lines during the Year, with revenue slid by 35.2% to HKD596.0 million (2019: HKD919.3 million). Segment gross profit amounted to HKD81.8 million (2019: HKD136.7 million), with gross profit margin at 13.7%. Despite the challenging conditions, Asiaray has secured several new media resources during the Year. In Hong Kong, Asiaray has leveraged its business ties with Hong Kong MTR to secure the exclusive rights to operate media resources at stations and trains found along the new Tuen Ma Line Phase 1 metro line. In Mainland China, the Group has secured new media resources at Kunming Metro Line 3, along with several renewal agreements involving Beijing Metro Line 4 and Line 16, Daxing Line, and Shenzhen Metro Line 4. Furthermore, subsequent to the Year, Asiaray has garnered a total of five new metro lines, located in Shenzhen and consisting of Line 2 (Phase 3), 3, 6, 8 (Phase1) and 10. On top of the metro lines, the Group's extensive upper ground network also covers the national railway. In 2020, Asiaray was awarded the concession rights to Kunming Railway Station and Lijiang Railway Station. The former is a key station that serves as transportation hub, linking several national railways, while the latter is currently under construction and scheduled for completion in 2021. These are the first railway stations the Group has won subsequent to the Hong Kong High Speed Train Station.

The Group has started its bus advertising venture with The Kowloon Motor Bus Co. ("KMB") and Long Win Bus Company Limited ("LWB") in Hong Kong during the Year. In addition to leveraging their traditional mediums, the Group has sought to combine them with its O&O strategy to offer a more diversified advertising solution. Further, Asiaray has been awarded the exclusive advertising rights to bus shelters in 2021, hence expanding its media network with this new "combination" to reach the mass customer base even more intensively.

Witnessing the synergies between OOH and online media, Asiaray has committed its investment in these mediums and has exploited their strengths by launching the latest iteration of programmatic buying, which utilizes big data to determine the ideal location for placing advertisements. To complement this technology, Asiaray has also strengthened its integrated branding and sales strategy for O&O New Media in order to deliver more benefits to customers. In the second half year, Asiaray officially launched a DOOH programmatic transaction platform with The Trade Desk (NASDAQ: TTD) and Magnite (formerly known as Rubicon and Teleria; NASDAQ: MGNI), which has enabled the Group to programmatically trade its DOOH display and video inventory across both offline and online channels locally and internationally.

Amid COVID-19, the Stay-at-Home economy (宅經濟) has ushered in a new normal. To capitalize on this new trend, the Group has utilized its self-owned social media platform to assist advertiser clients in selling their products, with sales derived from such products also contributing to the Group's revenue. At the same time, subsequent to its successful collaboration with Viya, the Group has launched more flexible promotion packages targeting companies of different scales, thus enlarge its clientele and increase its penetration into a larger market. Asiaray will also continue to leverage its operational advantages to penetrate the "live-stream shopping" e-commerce market, in order to further raise brand awareness and effectively utilize its O&O capabilities to optimize sales and promotions.

Apart from its business interests, giving back to the community is a major concern of the Group. Asiaray has made use of its media resources and creativity to deliver public service announcements to more than 20 cities in Mainland China and Hong Kong since the pandemic, to further disseminate positive messages to the public. Its contribution to the community has subsequently attracted the interest of several prominent companies, which eventually led to their involvement in the retrograde project, thus turning a charitable effort into a new business opportunity.

Prospects

Although the global economy is expected to remain uncertain owing to COVID-19, Asiaray is a strong proponent of the belief that "for every crisis lies great opportunity". In Mainland China, thanks to the strict safety and COVID-19 containment measures, the country has been in a fast mode in terms of a full economic recovery. With an extensive national network, the Group will continue to secure media resources in high-speed rail, metro lines and airports, to grow its national footprint and capture opportunities arising from the rebound in consumption demand resulting from COVID-19 era. Backed by its unique "Space Management" approach and pioneering O&O initiatives, Asiaray will straddle the best O&O advertising solutions to cater for the needs of its advertiser clients, while proactively expand its market presence, whether online or offline.

As for Hong Kong, the Group will leverage its comprehensive coverage and experience to cope with whatever challenges that may emerge. With Asiaray's diversified portfolio, it will be able to capitalize on greater synergies generated between its media resources both above and below ground. The Group will also leverage its O&O initiatives to strengthen its position with clients, providing all-around advertising solutions and support to reinforce business ties.

Asiaray, as a pioneer in O&O advertising solutions, will allocate more resources for O&O development to capitalize on the changing consumption trend. Through extended experiments involving O&O initiatives over the years, Asiaray has been consolidating its findings and delivering product lines that combine OOH media, online platforms and data-enriched buying options to meet the changing needs of its customers. Backed by the comprehensive and tremendous coverage offered by its OOH media portfolio, Asiaray is in a favorable position to capture opportunities by serving as an indispensable and strategic partner in the market.

Mr. Lam concluded, “Even though the operational environment will remain unstable in the immediate future, with our successful track record and leading market position, we remain optimistic about our prospects and will seize the enormous opportunities that will arise after the pandemic. We will continue to focus on our O&O New Media Strategy, and will spare no effort in strengthening our advertising solutions. With the advantage of the ‘mega transport, multi-media and fully comprehensive settings’, we are well equipped to grasp emerging opportunities in Mainland China and overseas. Moreover, through our strengths and advantages, we will uphold our leading position and expand the Group’s presence amid market consolidation. At the same time, we will continue to pursue sustainable growth and seek to maximize value for our shareholders.”

- End -

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

Established in 1993, Asiaray is an out-of-home media company in Greater China with a strategic focus on mega transport advertising media management, including airport, metro line and high speed rail line. Currently, the Group’s business network covers nearly 40 cities in Greater China with media resources at over 33 airports (including exclusive concession rights at 27 airports) and a total of 27 metro lines in Mainland China also including the Singapore Thomson-East Coast MRT Line (TEL). Further, the Group was granted the exclusive advertising media resources in Guangzhou Shenzhen Hong Kong High Speed Railway (Hong Kong Section), the Hong Kong-Zhuhai-Macao Bridge (Zhuhai Port) and KMB and LWB. In recent years, the Group was also granted the advertising media concessions of Chengdu Tianfu International Airport, Kunming Railway Station and Lijiang 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).



Media Enquiries

Strategic Financial Relations Limited

Heidi So	+852 2864 4826	heidi.so@sprg.com.hk
Adrianna Lau	+852 2114 4987	adrianna.lau@sprg.com.hk
Suzanne Leung	+852 2864 4873	suzanne.leung@sprg.com.hk
Website		www.sprg.com.hk

Investor Enquiries

Asiaray Media Group Limited

+852 3153 1262	ir@asiaray.hk
----------------	--

