



Asiaray Achieves Third Consecutive Year of Year-on-Year Gross Margin Growth Rising by a Further 7.1 Percentage Points to 28.4% for the 2024 Interim

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Proactive Integration of Media Resources to Ensure Long-Term Development

(Hong Kong, 28 August 2024) – **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 interim results for the six months ended 30 June 2024 (the “Period”). Despite a cautious macroeconomic environment, 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.

Mr. Vincent Lam, Chairman and Executive Director of Asiaray, said, “Over the past year, our operational optimization strategy of carefully reviewing our media network has borne fruit, allowing us to achieve tighter cost control. This marks the third consecutive year in which we have seen significant year-over-year improvements in the Group’s gross profit margin. This favorable outcome is primarily the result of our selective exit from not performing media resources, coupled with ongoing enhancements to our existing assets. At the same time, we have strategically re-acquired media resources with strong development potential, securing them on more favorable terms and at 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 for the Period. 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 for the Period. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to RMB320.1 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.

Business Review

The **airport** business maintained a RMB180.8 million, with gross profit of RMB78.9 million and gross profit margin of 43.6%. During the Period, the Group’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 compared with competing bids.

As for the performance of the **metro lines and billboards** business, it recorded a segmental revenue of RMB187.1 million, with RMB54.2 million and gross profit margin of 29.0%. During the Period, the Group 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. Moreover, it

has collaborated with 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 on Hong Kong athletes.

Regarding the **bus and others** business segment, segment revenue increased to RMB213.0 million for the Period, while gross profit improved to RMB31.8 million, with the gross profit margin increasing to 14.9%. During the period, the Group 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. Moreover, the Group’s advertising solution for a famous beer brand stood out from over 3,500 entries at the 24th IAI AWARDS¹ and won the Excellence Award, becoming the top 15% of the best cases.

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**. 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 Conference². 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.

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.

Mr. Lam concluded, “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 us 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.”

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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.

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 managing mega transport advertising media, including airports, metro lines, and high-speed rail lines. As of now, the Group's business network spans nearly 40 cities in Greater China, with advertising media resources available at over 23 airports (including exclusive concession rights at 22 airports); providing exclusive advertising media resources in a total of 14 metro lines, including the Singapore Thomson-East Coast Line (TEL), and a total of 17 high-speed rail line and railway stations, including the High-Speed Rail Hong Kong West Kowloon Station and the China-Laos Railway (Yumo Line). Additionally, the Group has been granted exclusive advertising media resources at the Hong Kong-Zhuhai-Macao Bridge (Zhuhai Port), as well as on KMB and LWB bus shelters. In recent years, the Group has actively engaged in programmatic advertising transactions with various ad-tech partners such as Google, Magnite, Hivestack by Perion and The Trade Desk.

Asiaray is also dedicated to investing in corporate social responsibility and environmental protection initiatives. The company has received the "Hong Kong Green Organisation" award and has been recognised as a "Caring Company".

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



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