



Asiaray Achieves Business Turnaround in 2016 Annual Results Profit for the Year Reaches HK\$40.1 million

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Accelerates Digital Transformation Strategies to Better Monetise its Media Resources

(Hong Kong, 24 March 2017) **Asiaray Media Group Limited** (“Asiaray” or the “Group,” stock code: 1993), a leading out-of-home media company with a strategic focus on airport and metro line advertising, has announced its annual results for the financial year ended 31 December 2016, achieving organic growth and a business turnaround during the year despite the tough advertising market conditions.

In 2016, the Group continued to outperform the overall OOH (“out-of-home”) advertising market in Mainland China and Hong Kong, with total revenue rising by 4.6% to approximately HK\$1,470.8 million, mainly attributable to the increase in revenue in the airports media and metro media segments. The total revenue would have recorded a year-on-year growth of 9.9% if the adverse impact of currency depreciation of RMB against Hong Kong dollar at 6.5% was excluded. The combined revenue, which includes the consolidated revenue of the Group and the total revenue of all associated companies engaged in the media advertising business, is considered to provide a better view of its total business scale. As such, the Group’s combined revenue reached approximately HK\$2,137.7 million, representing an increase of 5.1%. Gross profit increased to approximately HK\$290.5 million while profit for the year was approximately HK\$40.1 million.

In view of the Group’s strong financial position with cash and cash equivalents, short-term deposits and restricted cash of approximately HK\$327.6 million as at 31 December 2016 (2015: HK\$438.5 million) as well as the satisfactory financial results, the Board of Directors has proposed a final dividend of HK10.0 cents per share.

Mr. Vincent Lam, Chairman and Executive Director of Asiaray, said, “The year 2016 was a challenging yet rewarding year for Asiaray. The global macroeconomy remained volatile, hence the advertising demand in both Mainland China and Hong Kong was inevitably weakened. As OOH media has once again demonstrated its relative resilience when compared with other media, we continued to outperform the OOH industry in both markets and maintained our leadership position. We have not only strengthened our media portfolio through contract wins, but also extended our footprint to more cities in Greater China and platforms beyond traditional venues. During the year under review, we won the competitive tender for the exclusive advertising agency of 2016 FIA Formula E HKT Hong Kong ePrix, the first-ever international car racing tournament in Hong Kong, fully demonstrating that our outdoor advertising capability matches international standards.”

In 2016, both airport and metro lines business segments achieved organic revenue growth. Revenue of the airport media segment increased by 9.0% to approximately HK\$685.4 million in 2016 (2015: HK\$629.0 million), which was contributed from the robust demand for advertising in Hangzhou airport resulting from the G20 submit and incremental revenue from new projects including Xiamen Gaoqi International Airport Terminal 4 and Sanya Phoenix International Airport Terminal 2. On the other hand, revenue from the metro media segment increased by 7.8% to approximately HK\$457.8 million (2015: HK\$424.8 million). The Group benefited from the additional revenue from Beijing Metro Line No. 4 and Daxing Line, while Hong Kong MTR and Shenzhen Metro Line 3 & 4 continued to be the key revenue contributors. Although revenue in the billboards and building solutions segment dropped slightly, Asiaray’s Hong Kong billboard business in 2016 still out-performed its peers with growth in revenue of approximately 5%.

During the year, the Group has upgraded some OOH media in order to enhance the value of its portfolio, including the realignment technique and real-time information feeds at the first-ever digital wrap in Hong Kong located at Citic Tower and the mounted giant panel at the Lo Wu station, the largest of its kind in Hong Kong’s MTR stations. The Group has extended its business models through working closely with brand owners in negotiating desirable third party media resources, such as the prominent Wheelock House Billboard in Central with LVMH Group, a cornerstone investor since its listing and signing a strategic alliance with L Catterton, a private equity firm formed by LVMH, Catterton Holdings, L.L.C. and Groupe Arnault SAS, to further strengthen the relationship.

The Group is also delighted to have achieved profit in the initiative with Lagardère, the global leader in the travel retail industry in less than two years since its rollout. Twenty internationally renowned and luxury brands as well as

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domestic brands have been introduced at the Kunming Changshui International Airport. As a result, Asiaray has enhanced the commercial value for the airport owners and also upgraded the airport ambience, while the Group utilized its advertising inventory to support retail sales of those anchor tenants. This cooperation is an all-win situation, which creates greater value for the airport owner, tenants, passengers and Asiaray together.

Going forward, Asiaray will remain focused on airport and metro advertising which + thrive backed by the increasing urbanization and infrastructure boom. Transform of public transportation industry will also open up new opportunities such as public tender of airport and metro advertising by privately owned media operators. The Group will continue to seek expansion opportunities in the rapidly-growing OOH market of China and also accelerate its digital transformation strategies to better monetize the OOH media resources. As such, we have developed data-driven OOH advertising solutions offering targeted advertising solutions with data analytics for measuring campaign effectiveness. This initiative will enable the Group to potentially tap the digital and online advertising budgets. These DOOH advertising solutions will be launched at selected venues in Hong Kong and gradually roll out in Mainland China. Moreover, the Group will continue to attain new projects in strategically prime locations with growth potential in OOH advertising with an aim of balancing between near-term profitability and long-term sustainable growth for the benefit of the shareholders.

Mr. Lam concluded, "While we anticipate that the challenging market conditions will continue in 2017 under the difficult retail sales environment, we envisage there are ample growth opportunities in the OOH market in China. In fact, China is currently the world's third-largest OOH advertising market and the fastest growing of the world's major OOH markets. We will focus our initiatives in the OOH media industry and utilize our core competencies including the well-developed 'Space Management' model, along with our commitment to invest in people, technology and innovation for our products and business models which will enable the Group to succeed in digital transformation in the long run. With these strategies and plans in place, we are confident we can unleash the value of our OOH media resources, thus delivering sustainable growth and ultimately creating high value for our shareholders.

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About Asiaray Media Group Limited (stock code: 1993)

Established in 1993 and listed on the Main Board of The Hong Kong Stock Exchange in 2015, Asiaray is a leading out-of-home media company in Greater China with a strategic focus on airport and metro line advertising. It is currently ranked first among privately-owned media companies in terms of number of airports and second in terms of number of metro lines with exclusive concession rights to mainstream media resources and revenue in Greater China. Through its constant efforts in expanding media resources with strategic value, the Group has now secured exclusive concession rights of mainstream media resources at 27 airports* and 12 metro lines. Currently, the annual aggregate passenger traffic of all airports covered by the Group reached 248.2 million as at the end of 2016, approximately one-fourth of all the airports across Mainland China. In August 2016, Asiaray was also appointed as the exclusive advertising agency of FIA Formula E at the Central Harbourfront, Hong Kong. With an extensive nationwide network of media resources covering 37 cities in Greater China, the Group leverages its well-developed space management model to deliver integrated, creative out-of-home media solutions to renowned and diverse advertising customers. For more details about Asiaray, please visit its official website: www.asiaray.com.

** In addition, the Group has also obtained the concession rights for the advertising space at Sanya Phoenix International Airport Terminal 2, Hainan Island, since May 2016.*

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